

# 2015 COMPREHENSIVE ANNUAL FINANCIAL REPORT

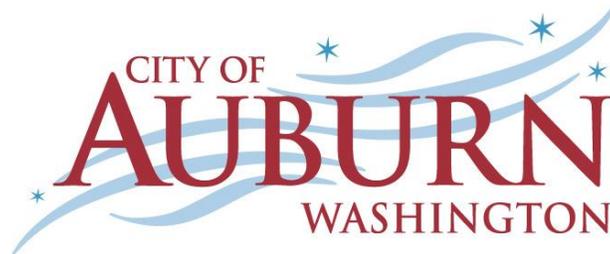
FOR THE YEAR ENDED DECEMBER 31, 2015

**AUBURN**  
MORE THAN YOU IMAGINED

CITY OF AUBURN  
WASHINGTON

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

Fiscal Year January 1, 2015 through December 31, 2015



Prepared by

Finance Department  
Shelley Coleman, Finance Director

**AUBURN**  
MORE THAN YOU IMAGINED

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For the Year Ended December 31, 2015

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CITY OFFICIALS

MAYOR  
Nancy Backus



Claude DaCorsi



John Holman



Bob Baggett



Bill Peloza



Yolanda Trout-Manuel



Rich Wagner

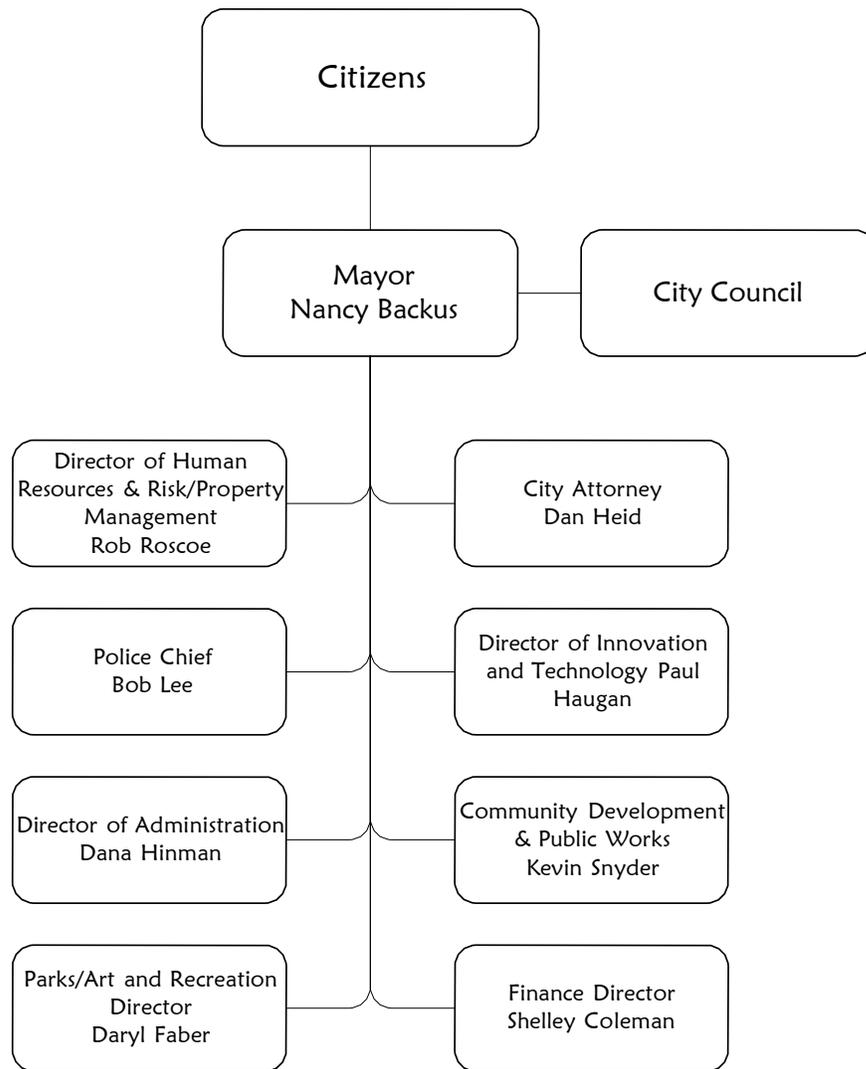


Largo Wales

DEPARTMENT DIRECTORS

Finance Director  
City Attorney  
Human Resources / Risk & Property Mgmt. Director  
Innovation & Technology Director  
Parks, Arts and Recreation Director  
Community Development & Public Works Director  
Police Chief  
Administration Director

Shelley Coleman  
Dan Heid  
Rob Roscoe  
Paul Haugan  
Daryl Faber  
Kevin Snyder  
Bob Lee  
Dana Hinman



June 23, 2016

Honorable Nancy Backus, Mayor  
Members of the Auburn City Council  
Citizens of the City of Auburn  
25 W Main Street  
Auburn, WA 98001

We are pleased to present the City's Comprehensive Annual Financial Report for the year ended December 31, 2015. We publish this financial statement in conformity with generally accepted accounting principles (GAAP). It has been audited in accordance with generally accepted auditing standards by the Washington State Auditor's Office.

Therefore, we issue and transmit to you the City of Auburn's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2015. This transmittal letter provides an overview of the report and the financial condition of the City. It also provides insight into the history of the City and the economic conditions affecting it, and describes the systems and controls employed by the Finance department.

The Comprehensive Annual Financial Report has several significant uses. First, it provides a general overview of the City's finances to the general public and taxpayers. Second, it is referenced by bond buyers and rating agencies to evaluate the City's fiscal stability and creditworthiness. Finally, the CAFR is a series of financial statements that have been audited by the State Auditor's Office and provides assurances that assets are safeguarded and funds are expended as they were legally appropriated in the biennial budget.

## **I. INTRODUCTION**

### **A. Management Representation**

The Auburn Finance Department prepared the report and accepts complete responsibility for the accuracy, completeness, and fairness of presentation of the information included. The data is believed to be accurate in all material respects, and it is believed that all significant information necessary for an understanding of the affairs and financial condition of the City has been disclosed. The report has been prepared in conformance with generally accepted accounting principles and in conformance with financial reporting standards issued by the Governmental Accounting Standards Board (GASB).

City management has developed and evaluated a comprehensive internal control structure that is designed to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh the benefits, the City's internal control structure is designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we attest that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

As a recipient of federal, state and county financial assistance the City is required to undergo an annual single audit in conformity with U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments*. The audit is conducted by the State Auditor's Office in conjunction with the City's annual independent audit. The results of the City's annual single audit for the fiscal year ended December 31, 2015 provided no instances of material weakness in the internal control structure or significant violations of applicable laws.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of *Management's Discussion and Analysis (MD&A)*. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Auburn's MD&A can be found immediately following the independent auditor's report.

## **B. Organization of the Report**

The report is divided into three sections: the Introductory Section, the Financial Section, and the Statistical Section. The Introductory Section contains the table of contents, a list of the City's principal officials, an organizational chart, this letter of transmittal, and the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers' Association of the United States and Canada for the 2014 CAFR. The Financial Section contains the Washington State Auditor's Report, completed by the Washington State Auditor, Management's Discussion and Analysis, Government-Wide Financial Statements, the Fund Financial Statements, Notes to the Financial Statements and Other Required Combining and Supplemental Information. The Statistical Section, which is unaudited, contains a range of statistical tables and charts that present various financial, economic, social, and demographic data about the City. This information depicts various trends that have affected the fiscal condition of the City over the last ten years. The data presented in this section complies with the requirements of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*.

## **C. Reporting Entity**

The City of Auburn was incorporated in 1891 and currently operates as a non-charter Code City under the laws of the State of Washington. Code City status in Washington provides "home rule" authority to cities. Auburn has a Mayor/Council form of government; the Mayor is elected and is the full-time Chief Administrator. The seven-member City Council is elected at large, rather than by district. Members of the City Council are responsible for establishing the general direction and policies for the City and for providing the resources necessary to carry out those policies. As the City's chief administrator, the Mayor is responsible for carrying out the policy and direction set by the City Council. This includes the enforcement of laws and ordinances, the execution of contracts and agreements, and maintenance of peace and order in the city. The City is located primarily in southern King County (county seat, Seattle) and a small northeastern portion of Pierce County. These are the two most populous counties in the State of Washington, comprising over 40% of the state-wide population. The City is strategically located in relation to the labor and consumer markets of the two largest cities in the area: Seattle in King County and Tacoma in Pierce County. Auburn currently serves approximately 75,545 people within its incorporated limits.

The City provides a wide range of services, both beneficial and necessary, to its residents as well as to the adjacent area. These services include police protection; parks and recreational facilities that include a senior center, gymnasium, golf course and museum; land use management and development regulation; infrastructure construction and maintenance; water, sanitary sewage collection, storm

drainage, and solid waste services; a general aviation airport; and a municipal cemetery. The City is a member/owner of Valley Communications providing emergency 911 services and South Correctional Entity providing jail facilities. Both these organizations provide services to other owner/member governments and other non owner/member governments as well through interlocal agreements.

## **II. ECONOMIC CONDITION**

### **A. Summary of Local Economy**

Auburn began as a small rural community founded on agriculture and the railroad, which maintained a significant switching and repair facility. The City has grown significantly since World War II, both as a residential community and as a commercial and industrial location. Auburn has become a significant area for automobile sales and has also developed a substantial manufacturing and distribution base with the largest employer being The Boeing Co., which employs approximately 6,000 people at its Auburn facility. Boeing is a worldwide supplier of aircraft and related products.

Auburn has enjoyed steady residential and industrial growth over the years as development has moved outward from the major cities. Auburn is currently home to about 4,000 businesses and is the center of the largest industrial complex in the Pacific Northwest. The City has a growing array of manufacturing facilities, as well as distribution, wholesale, and retail operations. Auburn's transit-orientated district is home to the MultiCare Auburn Medical Center, with a Trauma Level III emergency facility. This location serves the local geographic area, employs approximately 1,580 people, and has recently announced plans to invest over 120 million dollars in expansion and upgrades.

The City's recent efforts to promote economic development and champion its designation as an Innovation Partnership Zone helps to solidify Auburn's economic standing in the region and spur new business and development activity. A number of commercial and service industry projects, currently in progress or in the planning stages, contribute to an economic picture of future growth. These projects include the North Creek Business Park, which will become home to over 200,000 square feet of business space; the Green River College Aviation Campus, a downtown facility that will house the college's aviation classes; Merrill Gardens, the second mixed use urban project in the City's downtown area; and the Outlet Collection, a newly remodeled commercial retail center.

Other recent significant developments in the City include the issuance of 210 building permits for single family homes as well as about \$66.2 million in commercial construction, which includes projects such as the Auburn High School, Green River College facilities, seven new commercial/industrial projects, and the expansion of Plygem, TTF Aerospace, Shillings, and Orion Industries. These projects have positive impacts on available revenue and, as they take hold, will serve to strengthen the City's economic future.

Since 2005 the City's total assessed property valuation has risen from \$5.1 billion in 2005 to \$8.4 billion in 2015. The recent economic downturn, coupled with the impact of the Streamlined Sales Tax (SST) legislation enacted by the State of Washington that went into effect July 1, 2008, has dropped general sales tax revenues from their high in 2007 of \$17.5 million to \$16.7 million in 2015. The SST impact is estimated to have eliminated approximately \$200,000 per month of sales tax revenue to the City. To lessen the financial impact on cities severely impacted by this legislation, the State of Washington implemented a mitigation plan under which the City of Auburn received approximately \$1.95 million in mitigation payments in 2015.

While the City, similar to other municipalities in the region and nationally, has suffered during the recent economic recession, the local economy is improving. Sales Tax revenue, net of criminal justice and annexation sales tax credits, constitutes approximately twenty five percent of the General Fund budget, increased by \$1.07 million (+6.8%) from 2014. Nonetheless, while the local economy is recovering, the City remains vigilant in its management of expenses to ensure it lives within its means.

Despite economic cycles, the City has continually focused on enhancing the quality of life in the community and focusing on maintaining and redeveloping its aging infrastructure. For example, the City's Arterial Street program is partially funded by dedicating 1.0% of utility taxes toward arterial roadway improvements. In addition, the City utilizes sales taxes collected from new construction for the local street program, commonly referred to as the Save Our Streets (SOS) program.

The City's budgeting process is based on financial policies directed at conserving fiscal resources while supporting programmatic strategies. Budget recommendations reflect a long-range analysis of fiscal trends. These policies and practices have not only averted serious funding problems in the past, but have enabled the General Fund to remain on a firm financial footing during the most recent recession.

The City maintains a stable financial condition by managing expenditure budgets to available revenue streams. All funds contain adequate balances, and the City's debt is manageable. The General fund contains a satisfactory balance, a significant Insurance fund has been set aside for contingencies, and the Equipment Rental fund is adequate for vehicle replacement. The Proprietary and Fiduciary funds are in satisfactory condition. The City completed a review of the City's water, sewer and stormwater utility rates in 2012 and established rates to fund operating and capital needs through 2017 which included the issuance of new revenue bonds in 2013 to support significant new utility construction projects. An interim review of utility rates, in conjunction with the comprehensive planning process, is underway.

## **B. Future Economic Outlook**

Auburn is in a continuous process of both short-term and long-term financial planning. Short-term financial planning is inherent in the development of the City's biennial budget. Concurrent with the biennial budget is the review of the City's long-term capital needs. Funding sources are assessed with the development of the six-year Capital Facilities Plan. The capital facility plan is a component of the Comprehensive Master Plan, which outlines how the City should look and function in twenty years and creates a vision that can be realistically implemented. An integral part of this vision is determining how to allocate the City's financial resources to achieve the desired goals.

The City has several long-term municipal planning and capital projects underway. These include reconstruction of aged utility infrastructure; street improvements including rehabilitation of local neighborhood streets. These projects will improve mobility, will contribute to the completion of a North/South arterial corridor, and provide for greater recreational opportunities for the community. These municipal projects, coupled with the new private sector developments described earlier, will help ensure local economic growth continue, albeit not at the rate experienced in the late 1990's. The challenge is to control costs that grow at a faster rate than revenue. Areas of concern are health care costs, pension costs, other post-employment benefits (OPEB), and public safety costs related to incarceration and labor contracts. Continuing to maintain service level in these sectors will draw valuable resources from other areas such as infrastructure replacement and capital programs. As Auburn moves forward, economic conditions will be continually monitored and adjustments to city spending and services made to maintain the City's financial health. Long-term plans will be focused on ensuring the City continues to be an economically strong and viable city.

### III. FINANCIAL INFORMATION

#### A. Cash Management

The City invests in U.S. Treasury and Agency Issues, Prime Bankers Acceptances, Time Deposits, and Repurchase Agreements. Investment policies and procedures, established by the Mayor and adopted by the City Council, require the City to establish a trustee to take delivery of all investment transactions at time of payment. The City has contracted with the Bank of New York to provide delivery versus payment trustee services on all government agency investments. The State of Washington maintains an investment pool to provide economies of scale in investing to smaller- and medium-sized cities in the State. The City uses this service for all funds not invested in longer-term securities. The pool operates under the same legal restrictions that apply to all municipalities in the State and, consequently, uses the same instruments as listed above. The State also takes delivery of all investment transactions.

The City has adopted a comprehensive investment policy statement to guide City investment practices. These policies are closely patterned after the recommendations in *Investing Public Funds* published by the Government Finance Officers Association (GFOA). Investments are restricted to less than three years in order to maintain liquidity on all investments in all funds, yet enable the City to take advantage of the yield curve. Fiduciary funds, which involve long-term reserves and require minimal liquidity, are invested for longer time periods. The City undertakes repurchase agreements only with financial institutions that offer the City full protection in the event of default, by providing the delivery of the underlying security to the City.

#### B. Risk Management

The City participates in the Washington Cities' Insurance Authority (an insurance pool of 179 members) and the City actively pursues risk reduction in the operation of its programs.

The City purchases, with employee participation, most of its health insurance for its employees through commercial policies administered by the Association of Washington Cities. Employees represented by the Teamsters Union have insurance through the Teamsters organization. Beginning in 2014, the City created its own worker's compensation program and pool. Prior, the City participated in the Washington State Workers' Compensation program.

In order to keep its long-term options open and to provide for any uninsured losses that might occur, the City has elected to build an insurance reserve (the Insurance fund). The Insurance fund supplements various insurance coverage's maintained by the City. This fund is also used to self-insure some limited exposures, the most significant of which is accidental loss to City-owned vehicles.

The Washington Cities' Insurance Authority not only provides a sharing of risk by pooling of losses, it also provides an extensive array of professional services in risk management. The pool monitors the City's management practices and damage claims. The City follows the guidelines provided by the pool in an effort to minimize risk exposure in the day-to-day operations of the City's programs. The City also maintains an extensive employee safety program managed by the Human Resources department.

#### **IV. OTHER RELEVANT INFORMATION**

##### **A. Independent Audit**

State law requires an annual audit of all City books of accounts and financial records by the Office of the State Auditor, which is headed by an independently elected State official, the State Auditor. The Auditor has broad legal authority to inquire into all financial and legal compliance matters and such audits are considered equal to audits by certified public accounting firms. The 2015 financial audit of the City is complete and was conducted in conformance with Generally Accepted Auditing Standards. The financial statements of all City funds have been included in this audit. The City has been given an unqualified opinion for 2015. Please see the Auditor's Report. The State Auditor's Office also audits the City's administration of its federal grants under the single audit concept.

##### **B. Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Auburn for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2014. This was the twenty-seventh consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

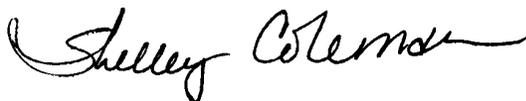
A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In 2014, the City has also received the Government Finance Officers Association Distinguished Budget Presentation award for its 2015-2016 biennial budget. The City was one of just twenty-one cities in the state to receive both the Certificate of Achievement for Excellence in Financial Reporting and the Distinguished Budget Presentation award for 2014. The City will be submitting to GFOA its 2017-2018 biennial budget to determine its eligibility for this award.

##### **C. Acknowledgments**

Preparation of this report could not have been accomplished without the professional, efficient, and dedicated staff of the Finance department and various other City employees who assisted in its production. Further appreciation is extended to the Mayor and City Council for their encouragement, interest, and support in conducting the financial affairs of the City in a sound and progressive manner. The assistance of the auditors from the Washington State Auditor's Office is also greatly appreciated.

Respectfully submitted,



Shelley R. Coleman  
Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Auburn  
Washington**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2014**

Executive Director/CEO





# Washington State Auditor's Office

## INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

June 23, 2016

Mayor and City Council  
City of Auburn  
Auburn, Washington

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Auburn, King County, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Auburn, King County, Washington, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General and Arterial Street funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Matters of Emphasis**

As described in Note 1, during the year ended December 31, 2015, the City has implemented the Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 31, pension plan information on pages 101 through 105 and information on postemployment benefits other than pensions on page 106 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.

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining financial statements and supplementary information on pages 107 through 150 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has 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 it.

#### **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we will also issue our report dated June 23, 2016, on our consideration of the City'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* in considering the City's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in cursive script that reads "Troy X. Kelley".

TROY KELLEY

STATE AUDITOR

OLYMPIA, WA



**AUBURN**  
MORE THAN YOU IMAGINED

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Auburn's (the "City") discussion and analysis is designed to:

- Assist the reader in focusing on significant financial issues
- Provide an overview of the City's financial activity
- Identify changes in the City's financial position (its ability to meet future years' challenges)
- Identify any material deviations from the approved budget
- Identify individual fund issues or concerns

Management's Discussion and Analysis is designed to focus on the current year's activities, resulting changes and currently known facts. Therefore, it should be read in conjunction with the Transmittal Letter and the City's financial statements.

### Financial Highlights

- Total government-wide net position, the difference between assets plus deferred outflows and liabilities plus deferred inflows, equal \$646.8 million, an increase of \$9.5 million or 1.5%. Of this, a total of \$548.9 million, or 84.9% of total net position, is net investment in capital assets, and includes assets such as utility systems, streets, buildings, land, vehicles and equipment. An additional \$5.9 million of net position is restricted for purposes of endowment and debt service. Of the remaining \$92.0 million of net position, \$18.3 million is legally restricted, restricted by City policy for specific purposes, or is restricted for use by the City's utilities and \$73.7 million is unrestricted.
- The net increase in government-wide net position during 2015 was \$9.5 million. Of this amount, \$31.7 million was directly related to the increase in City-owned net investment in capital assets, restricted net position decreased by \$6.3 million, unrestricted net position increased by \$3.9 million, and there was an additional reduction of \$19.8 million due to the change in accounting principle associated with the implementation of GASB 68 (Accounting and Financial Reporting for Pensions). This adjustment is further described in Note 1 to the financial statements.
- Business-type net position increased by \$4.4 million to \$225.3 million during 2015 as a result of net capital investment related to the City's water, sewer and storm water utilities.
- Governmental fund balances at year-end totaled \$55.4 million. Of this amount, \$20.3 million, or 37%, is unassigned and available to fund ongoing activities. Compared to 2014, total governmental fund balances increased by \$4.3 million. This increase reflects the net effect of a general improvement in the regional economy and continued vigilance in monitoring general spending.
- Total City debt payments during the year, net of compensated absences and other post-employment benefits, were \$4.5 million. Total long-term liabilities, including bonds and loans, totaled \$127.3 million at December 31, 2015. The ending long-term liabilities is a increase of \$16.1 million from 2014 and is primarily the result of the pension liability. See note 9 for further information on long-term liability activity during the year.

## Other City Highlights:

### Parks and Community Development

- Construction started on a combined Community & Events and Youth/Teen Center and will be completed by summer 2016. The center will provide approximately 21,000 square feet of building space to be used for educational, cultural, and social activities.
- The Park, Recreation, and Open Space Plan update was completed as part of the City's overarching Comprehensive Plan update. The plan includes a comprehensive inventory of the City's park system, a demands and needs analysis, recommended park improvements, and a summary of the programs provided by the Parks Department.
- The City prepared the Auburn Community Campus Master Plan, covering Les Gove Park, the Senior Center, White River Valley Museum, King County Library, Gym and Teen Center, and the new Community Center. Main elements of the plan include a vision for improving vehicular and pedestrian circulation to and within the campus, and future park improvements.
- Auburn hosted its first Geocaching Adventure with almost 175 participants and an additional 60 people completing the Geocaching Adventure challenge post event.
- The City of Auburn celebrated the 50th Anniversary of the Veterans Day Parade. The event had over 20,000 spectators and 6,000 parade participants.
- The City launched the Auburn Community Teen Players, bridging the programming gap between the Auburn Community Players and the AveKids youth productions. Twenty-six teens participate in the four show run of Legally Blonde the Musical, with 673 people attending the performance.
- Launched the Downtown Façade Improvement Program.
- Opened and closed more than 640 code enforcement cases.
- Processed more than 3,000 permits and 880 licenses, completed 6,500 building inspections, conducted 5,700 permit reviews, issued 4,000 decisions, and participated in more than 50,000 interactions with customers.
- Assembled a multidisciplinary team that learned the principles of LEAN and how to apply them to development review processes.

### Engineering Services

- Completed a major update to the Water, Sanitary Sewer, Storm Drainage and Transportation comprehensive plans, including planning for the system needs over the next 20-year period.
- Completed an update of system development charges for Water, Sanitary Sewer and Storm Drainage in support of capital projects for these systems.
- Completed access improvements, emergency power, and corrosion protection at sewage pump stations to improve worker safety, emergency preparedness, and enhance the facilities' longevity.
- Initiated installation of Automated Metering Infrastructure system for water meter data collection, which is a 3-year project.
- Completed construction of the Storm Drainage infrastructure and decant facility improvements at the Maintenance & Operations facility to improve operations and protect the environment.
- Completed pavement patching and overlay work to preserve arterial/collector and local roadways throughout the City.
- Completed annual traffic signal improvements at various locations throughout the City.
- Completed the AWS and M Street SE Intersection Improvements.

- Completed the BNSF Utility Crossings Project which addressed utility crossings of the BNSF right-of-way that will be affected by the third rail line that BNSF/Sound Transit plans to build in 2016. The project also replaced a storm drain pipe adjacent to the railroad tracks at 37th Street.
- Completed the 30th Street NE Storm Improvements (Phase 1A ) that replaced the 30-inch storm drainage line along 30th Street NE from the north end of the Airport to the Brannan Park Storm Pump Station to address localized flooding issues.
- Completed the Valley AC Watermain Replacement project which completed replacement of asbestos cement water lines along Awn, 49th and B St NW and at the M&O/Parks Maintenance area.
- Worked in partnership with the U.S. Army Corps of Engineers on the construction of the Mill Creek Wetland 5K Green/Duwamish Ecosystem Restoration Project.
- Completed construction of the Fenster Levee Setback Project at Fenster Nature Area on the Green River.
- Conducted ecological restoration volunteer events at Fenster Nature Area and Auburn Environmental Park.
- Initiated a multi-year inventory of City environmental property assets, including sites owned by the City, and City conservation easement and deed restriction interests on privately-owned environmental sites.
- Provided field technical assistance throughout the year to property owners on a variety of environmental issues and best practices for protecting environmentally sensitive areas such as streams, wetlands, and floodplains.

#### **Maintenance & Operations Services**

- Improved the inventory catalogue with bin locations and photos on all parts to streamline the inventory process so Central Stores staff can dedicate more time to seeking out the absolute best price on inventory purchases, as well as generating more accurate stocking levels.
- The Water division successfully took 1,302 regulatory samples from the water system, ensuring safe drinking water is provided to our customers.
- The Storm division cleaned 21 ponds at a cost savings of more than 50% compared to contracting for this service in past years.
- The Vegetation division successfully removed 37 trees from a planter strip that were damaging City sidewalks and creating a safety hazard. The area was replanted with less invasive flowering trees.

#### **Overview of the Financial Statements**

The City's basic financial statements are presented in three parts:

- 1) Government-wide financial statements
- 2) Fund financial statements
- 3) Notes to the financial statements

These statements report the Cities net position, and changes in them. The net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources.

Other supplementary information, in addition to the basic financial statements, is also contained in this report. This section of the management's discussion and analysis is intended to introduce and explain the basic financial statements.

## Government-wide Financial Statements

The Financial Statements are presented in conformity with the Governmental Accounting Standards Board (GASB), which establishes GAAP for governmental entities. The City adopted the provisions of Statement No. 67 – Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25, Statement No. 69 – Government Combinations and Disposals of Government Operations; and Statement No. 70 – Accounting and Financial Reporting for Nonexchange Financial Guarantees. There is no material impact to the City of implementing these standards. GASB No. 68 – Accounting and Financial Reporting for Pensions was adopted for fiscal year 2015 reporting. This Statement changes how the city accounts and reports for is cost sharing multiemployer pension plans.

The government-wide financial statements are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns which add to a total for the City. The focus of the *Statement of Net Position* is designed to be similar to bottom-line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets, deferred outflows of resources, long-term obligations and deferred inflows of resources, (which there are none to report). Over time, increases or decreases in net position may be one indicator of improvement or deterioration in the City's overall financial health.

The *Statement of Activities* is focused on both the gross and net cost of various functions, including both governmental and business-type activities, which are supported by the City's general tax and other revenues. This is intended to summarize and simplify the user's analysis of cost of various governmental services and/or subsidy to various business-type activities. The revenue generated by the specific functions (charges for services, grants, and contributions) is compared to the expenses for those functions to show how much each function either supports itself or relies on taxes and other general funding sources for support. All activity on this statement is reported on the accrual basis of accounting, requiring that revenues are reported when they are earned and expenses are reported when they are incurred, regardless of when cash is received or disbursed.

Governmental activities of the City include general government (executive, finance, legal, human resources, and contracted court), security (police), physical environment, economic environment, transportation, health and human services, and culture and recreation. The City's business-type activities include water, sanitary sewer, storm water and solid waste utilities, as well as the operations of an airport and cemetery. Governmental activities are primarily supported by taxes, charges for services, and grants while business-type activities are self-supporting through user fees and charges.

## Fund Financial Statements

The Fund Financial Statements are the traditional reporting format for governments. A fund is a fiscal and accounting entity with a self-balancing set of accounts used to account for specific activities or meet certain objectives. While the government-wide statements present the City's finances based on the type of activity (general government vs. business type), the Fund Financial Statements are presented by fund type, such as the general fund, special revenue funds and proprietary funds, with the focus on major funds.

*Governmental Funds* are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. The government major fund is presented utilizing the "sources and uses of liquid resources" basis. This is the manner in which the budget is typically developed. The basis of accounting is different between the governmental fund statements and the government-wide financial statements. The governmental fund statements focus on the near-term revenues/financial resources and expenditures while the government-wide financial statements include both near-term and long-term revenues/financial resources and expenses. The information in the governmental fund statements can be used to evaluate the City's near-term financing

requirements and immediate fiscal health. Comparing the governmental fund statements with the government-wide statements can help the reader better understand the long-term impact of the City's current-year financing decisions.

Because the basis of accounting is different between the governmental fund statements and the government-wide financial statements, reconciliations are provided. The reconciliation between the governmental fund Balance Sheets and the government-wide Statement of Net Position is found directly following the governmental funds' Balance Sheet, the reconciliation between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities is found directly following the governmental funds' Statement of Revenues, Expenses, and Changes in Fund Balances.

The City maintains twenty individual governmental funds. Of these, three are considered major (the general fund, the arterial street fund, and the capital improvement projects fund) and are presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances. The remaining governmental funds are combined into a single column labeled "Other Governmental Funds". Individual fund data for each of the other governmental funds can be found in the combining statements later in this report.

The City maintains budgetary control over its operating funds through the adoption of a biennial budget. Budgets are adopted at the fund level according to state law. Budgetary comparison statements are presented for the general and arterial street funds as part of the basic financial statements. Other budgetary comparison statements are included following the other government funds' combining statements in this report.

*Proprietary funds* are used by governments to account for their business-type activities and use the same basis of accounting utilized in private industry. Business-type activities provide specific goods or services to a group of customers that are paid for by fees charged to those customers. There is a direct relationship between the fees paid and the services rendered.

The City has two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to account for goods and services provided to citizens, while internal service funds are used to account for goods and services provided internally to various City departments.

Enterprise funds report the same functions presented as business-type activities in the government-wide statements, but in greater detail. The City's enterprise fund statements provide information on the City's four utilities (water, sanitary sewer, storm water, and solid waste) as well as the City-owned airport and cemetery.

Internal service funds are an essential accounting tool used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles, its maintenance and operation of facilities, the City-wide provision of computer hardware and software services, the cost of employees who are affected by occupational injury or illness, and its insurance premiums. Internal service funds benefit both governmental and business-type activities, and are allocated accordingly in the government-wide statement of activities.

*Fiduciary funds* account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. Fiduciary funds are not included in the government-wide financial statements because their assets are not available to support the City's activities.

The City has two fiduciary funds: a pension fund and an agency fund, and are accounted for on the accrual basis. As agency funds are custodial in nature, they do not include revenues and expenses.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found at the end of the Basic Financial Statements section.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the budget vs. actual reports of the City’s general fund and major special revenue funds. The budget vs. actual required supplementary information can be found on page 44 and 45, and the pension benefit and other postemployment benefit required supplementary information is found in the required supplemental information.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, and internal service funds are presented in the section titled “Fund Financial Statements and Schedules”.

**Government-wide Financial Analysis**

The statement of net position may serve as a useful indicator of the City’s financial position. The overall financial position has improved for the City of Auburn over the prior year. Changes in Net Position from 2014 to 2015 show an increase in total net position of \$9.5 million. Following is a condensed version of the government-wide statement of net position with a comparison to 2014:

**STATEMENT OF NET POSITION  
Comparative Analysis of 2015 and 2014**

	Governmental Activities		Business-type Activities		Total	
	As of 12/31/15	As of 12/31/14	As of 12/31/15	As of 12/31/14	As of 12/31/15	As of 12/31/14
Current and other assets	\$ 114,267,041	\$ 107,838,776	\$ 52,851,281	\$ 59,065,425	\$ 167,118,322	\$ 166,904,201
Capital assets, net of accumulated depreciation	395,857,434	383,675,820	225,307,714	210,726,930	621,165,148	594,402,750
Total assets	510,124,475	491,514,596	278,158,995	269,792,355	788,283,470	761,306,951
Deferred Outflows of Resources	2,058,977	22,344	795,562	41,546	2,854,539	63,890
Long-term liabilities	77,339,930	64,972,946	43,119,532	39,409,343	120,459,462	104,382,289
Other liabilities	10,090,059	10,180,595	9,520,926	9,485,952	19,610,985	19,666,547
Total liabilities	87,429,989	75,153,541	52,640,458	48,895,295	140,070,447	124,048,836
Deferred Inflows of Resources	3,260,251		970,315		4,230,566	
Net position						
Net investment in capital assets	361,279,833	348,080,505	187,604,782	169,098,916	548,884,615	517,179,421
Restricted for:						
Capital Projects	17,134,142	14,012,967	799	9,395,125	17,134,941	23,408,092
Nonexpendable Permanent Endowment	1,585,707	1,574,148	-	-	1,585,707	1,574,148
Debt Service	13,278	34,856	4,349,763	4,307,307	4,363,041	4,342,163
Tourist Promotion	201,293	166,896	-	-	201,293	166,896
Drug Investigation & Enforce	443,161	539,236	-	-	443,161	539,236
Comm Dev Block Grant	44,904	44,904	-	-	44,904	44,904
Central Business Distr Dev	48,395	31,321	-	-	48,395	31,321
Rate Stabilization	-	-	413,778	413,178	413,778	413,178
Unrestricted	40,742,499	51,898,566	32,974,662	37,724,080	73,717,161	89,622,646
Total net position	\$ 421,493,212	\$ 416,383,399	\$ 225,343,784	\$ 220,938,606	\$ 646,836,996	\$ 637,322,005

The City's net position increased by \$9.5 million, or 1.5%. The largest component of the City's net position, \$548.9 million, or 84.9%, is its net investment in capital assets. These capital assets, such as streets, parks, trails, and vehicles and equipment related to police and public works, are used to provide services to the citizens. As a result, these assets are not for sale, and are therefore not available to fund current and future City obligations. The City elected the GASB 34 reporting option to include all general infrastructure of the City acquired or substantially renovated since 1980.

The largest component of unrestricted net position, \$40.7 million, may be used for functions such as public safety employee salaries and supplies, park and road maintenance, and other general governmental services. The second largest component of unrestricted net position, \$33.0 million, represents the unrestricted net position of the City's business-type activities and may only be spent on activities related to one of the four City utilities (water, sanitary sewer, storm water and solid waste) or to the City-owned ventures (airport and cemetery). Examples of utility activities include maintenance of water/sewer mains, pump and lift stations, storm drain flushing, water meter reading, and garbage collection. Activities related to the other City-owned ventures include maintenance of hangars and runways at the airport, and grooming and landscaping at the cemetery.

Restricted governmental fund net position is \$19.5 million and is restricted for purposes such as capital project construction, debt service, drug investigation and enforcement, and endowment. Total net investment in capital assets increased \$31.7 million.

## Changes in Net Position

The change in net position represents the increase or decrease in City net position resulting from its various activities. Following is a condensed version of the City's changes in net position. The table shows the revenues, expenses and related changes in net position for both governmental-type and business-type activities:

### CHANGES IN NET POSITION Comparative Analysis of 2015 and 2014

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues						
Charges for services	\$ 11,109,069	\$ 11,335,041	\$ 63,391,139	\$ 60,332,817	\$ 74,500,208	\$ 71,667,858
Operating grants and contributions	4,234,309	1,333,652	111,025	111,025	4,345,334	1,444,677
Capital grants and contributions	19,526,548	6,001,230	5,821,857	5,070,810	25,348,405	11,072,041
General revenues						
Property taxes	17,271,705	15,867,838	-	-	17,271,705	15,867,838
Sales taxes	21,125,730	19,744,684	-	-	21,125,730	19,744,684
Interfund utility taxes	4,260,831	4,068,667	-	-	4,260,831	4,068,667
Admission & utility taxes	8,838,179	9,040,015	-	-	8,838,179	9,040,015
Excise taxes	4,999,517	2,888,797	-	-	4,999,517	2,888,797
Other taxes	4,722,482	4,601,925	-	-	4,722,482	4,601,925
Investment earnings	118,399	105,117	70,560	51,261	188,959	156,378
Miscellaneous revenue	194,600	178,482	1,877,096	2,700,233	2,071,696	2,878,714
Total revenues	96,401,369	75,165,448	71,271,677	68,266,146	167,673,046	143,431,594
Expenses:						
General government	9,187,539	8,363,427	-	-	9,187,539	8,363,427
Public safety	29,883,217	27,144,153	-	-	29,883,217	27,144,153
Transportation	17,324,036	16,150,877	-	-	17,324,036	16,150,877
Physical environment	2,924,046	2,976,461	-	-	2,924,046	2,976,461
Culture and recreation	12,096,651	11,094,524	-	-	12,096,651	11,094,524
Economic environment	3,044,354	2,751,869	-	-	3,044,354	2,751,869
Health and human services	925,299	622,374	-	-	925,299	622,374
Interest on long-term debt	1,986,853	3,615,211	-	-	1,986,853	3,615,211
Water	-	-	13,691,529	11,992,944	13,691,529	11,992,944
Sanitary sewer	-	-	23,992,161	23,026,216	23,992,161	23,026,216
Storm drainage	-	-	8,308,559	7,668,072	8,308,559	7,668,072
Solid waste	-	-	12,907,832	12,760,313	12,907,832	12,760,313
Golf course	-	-	-	-	-	-
Other business-type activities	-	-	2,062,695	1,924,874	2,062,695	1,924,874
Total expenses	77,371,995	72,718,896	60,962,776	57,372,419	138,334,771	130,091,315
Increase in net position before transfers	19,029,374	2,446,552	10,308,901	10,893,727	29,338,275	13,340,279
Transfers	(462,955)	5,294,793	462,955	(5,294,793)	-	-
Change in net position	18,566,419	7,741,345	10,771,856	5,598,934	29,338,275	13,340,279
Net Position, January 1, as Previously Reported	416,383,399	408,642,054	220,938,606	215,339,672	637,322,005	623,981,726
Change in Accounting Principle (13,456,606)	(13,456,606)	-	(6,366,678)	-	(19,823,284)	-
Net Position, January 1, as Restated	402,926,793	408,642,054	214,571,928	215,339,672	617,498,721	619,979,305
Net position, December 31	\$ 421,493,212	\$ 416,383,399	\$ 225,343,784	\$ 220,938,606	\$ 646,836,996	\$ 637,322,005

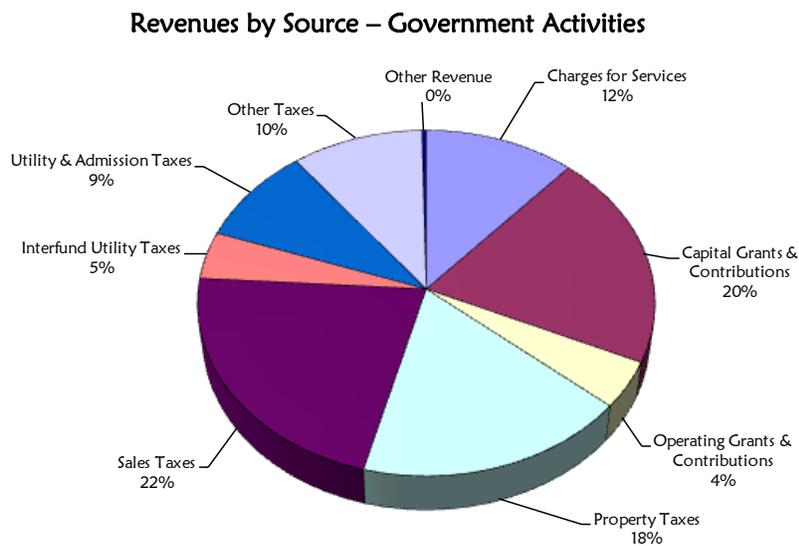
Governmental activities contributed \$18.6 million to the total increase in City net position. Revenues to fund capital assets are recorded as program or general revenues in the statement of activities. However, asset purchases are not recorded as expenses in the year purchased and construction costs are not recorded as expenses in the year incurred. Instead, the costs are recorded as long-term assets and are depreciated over their useful life.

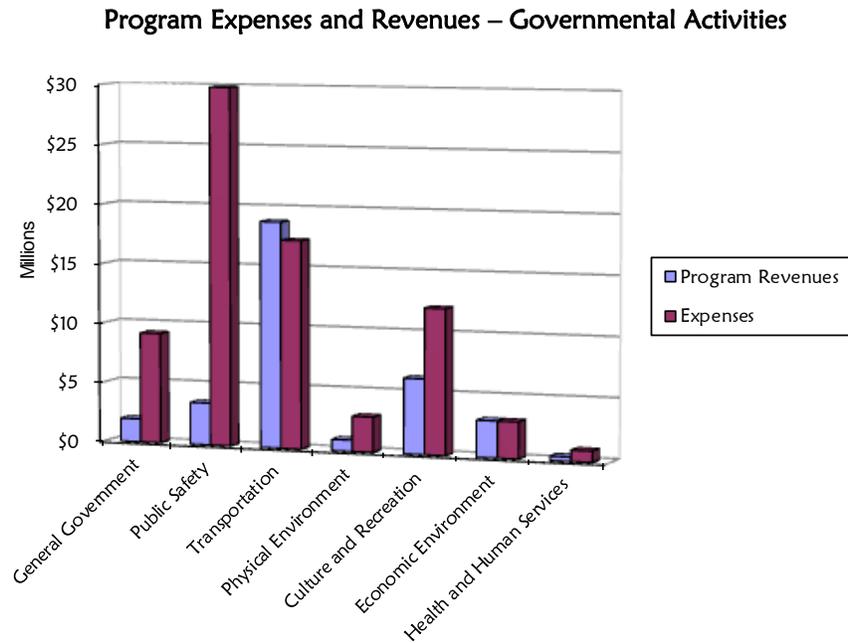
General tax revenues increased by 8.9% to \$61.2 million between 2014 and 2015, compared to an increase of 6.3% between 2013 and 2014:

- Property tax revenue increased \$1.4 million or 8.8%.
- Sales tax collections increased \$1.4 million or 7.0%, reflecting continued improvement in the economy.
- Utility and admission tax revenue decreased by \$201,836 or 2.2%.
- Excise tax revenue increased by \$2.1 million or 73.1%. This change is due primarily to a significant increase in real estate excise taxes (REET) resulting from an increase in the number and size of real estate transactions.
- Investment earnings increased by \$13,282 in governmental activities and \$19,299 in business-type activities for a government-wide increase of \$32,581 or 20.8%. Government-wide miscellaneous revenue decreased by \$0.8 million to \$2.1 million.

Government-wide expenses increased by approximately \$4.7 million or 6.4% and were largely attributable to the net change due to internal service fund consolidations, increased wastewater treatment charges from King County, and general increases in operating expenses such as salaries and wages.

The following first chart summarizes the government activity revenue by source, while the second chart reflects the specific programs’ revenues and related expenses for the various activities of the City. Gaps between specific programs’ revenues and their related expenditures are funded through general tax revenues.





Business-type net position totaled \$225.3 million, an increase of 2.0%. Key components of this increase include:

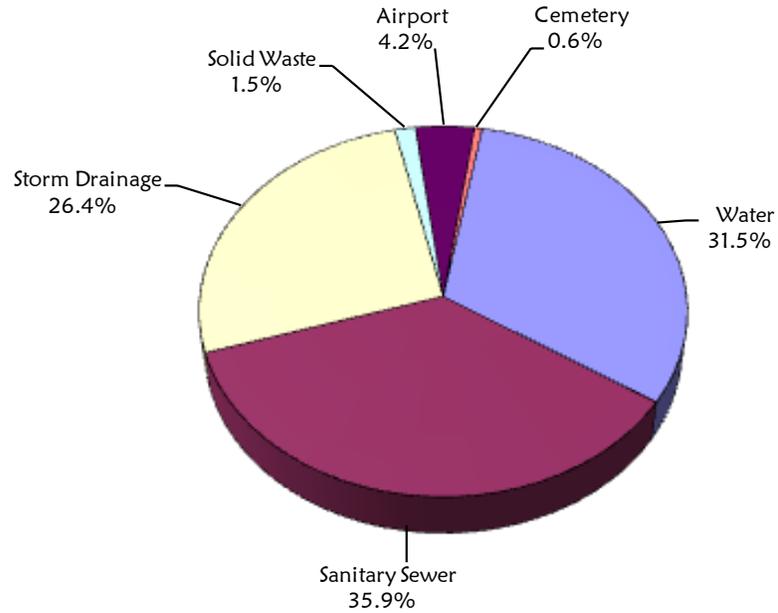
- Business-type revenues increased \$3.0 million to \$71.3 million due to increases in charges for services, capital grants, and investment earnings, which were partially offset by a decrease in miscellaneous revenue.
- Income (loss) before capital contributions and transfers amounted to:

Water fund:	\$ 1,141,669
Sanitary sewer fund:	395,641
Storm fund:	1,369,807
Solid waste fund:	862,974
Non-major funds:	<u>292,794</u>
	\$ 4,062,885

- Net transfers totaled (\$36,735).

The following chart shows the relative net position balances for each business-type fund:

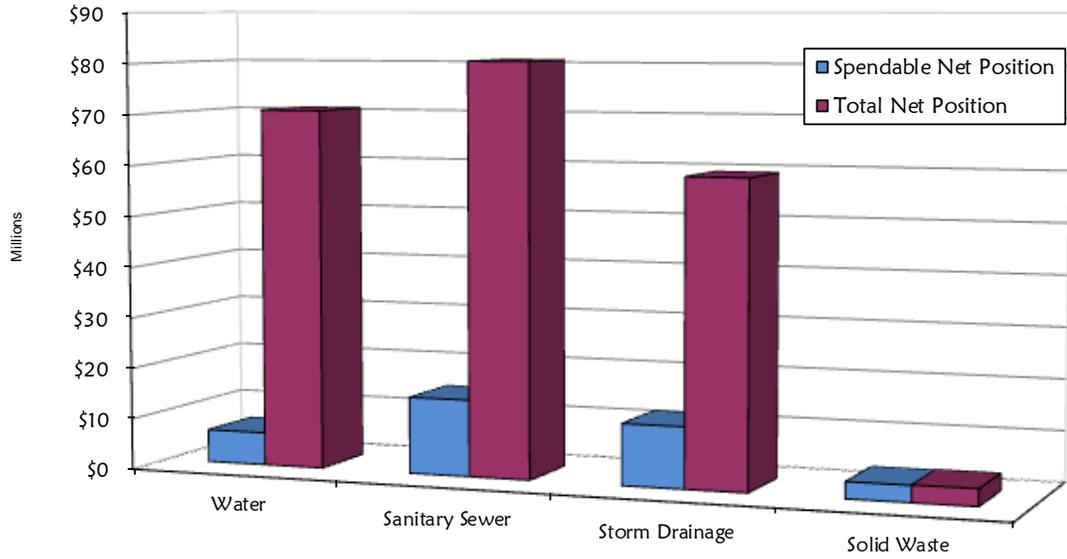
**Business Type Net Position – By Fund**



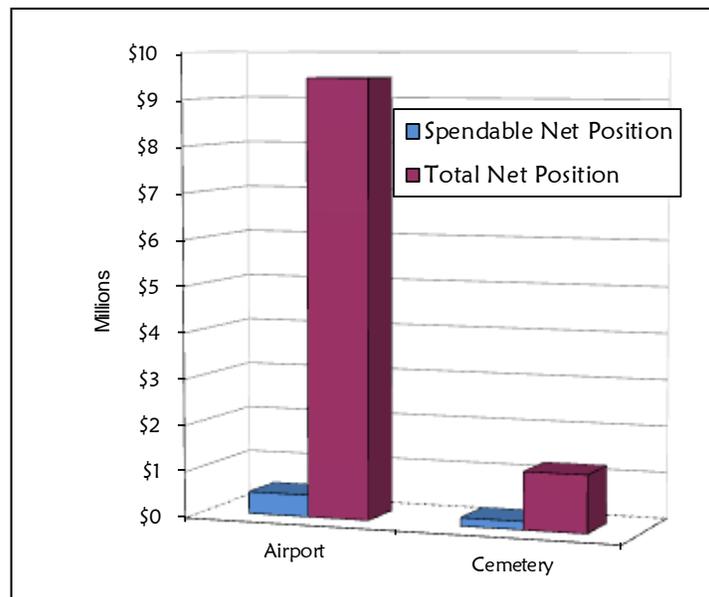
The majority of net position in the City's enterprise funds relate to capital asset infrastructure, such as water and sewer mains and the airport runway. As such, most of the net position is not available to support the ongoing expenses of the funds.

Following are two charts that contrast the total net position to the spendable portion of net position for each enterprise fund:

**Comparison of Total Net Position to Spendable Net Position  
Utility Funds**

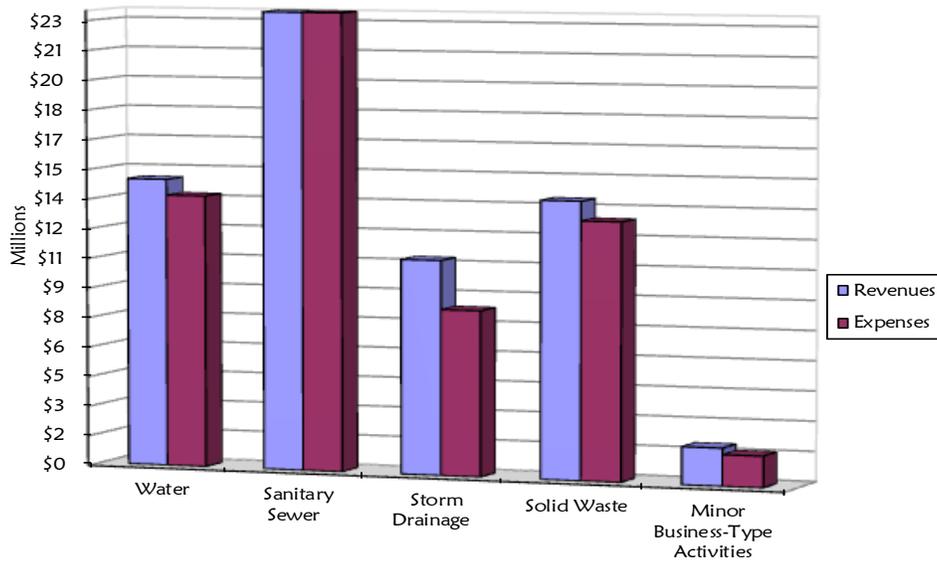


**Comparison of Total Net Position to Spendable Net Position  
Other Enterprise Funds**

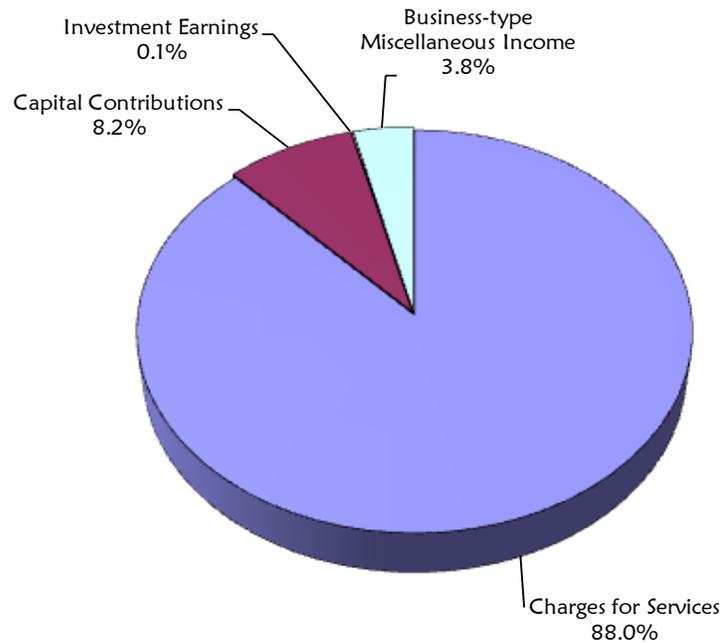


The first chart following depicts the revenues and expenses for business-type funds, while the second shows the various sources of business-type revenue.

**Business Type Activity Revenues and Expenses Before Capital Contributions and Transfers**



**Business Type Activity Revenues By Source**



**Financial Analysis of Governmental Funds**

The purpose of the City’s governmental funds is to report on near-term revenues/financial resources and expenditures. This information helps determine the City’s financial requirements in the near future. Specifically, fund balance is a good indicator of the City’s financial resources.

As of December 31, 2015, the City’s governmental funds had combined fund balances of \$55.4 million, an increase of \$4.3 million or 8.4% over the previous year. This increase is primarily due to increases in fund balances for the General fund, Capital Improvement fund, and other governmental funds. The following table shows the changes in fund balance between 2014 and 2015.

**Changes in Fund Balance - By Fund**

Fund	2015	2014	Difference
General fund	\$ 27,552,062	\$ 24,959,818	\$ 2,592,244
Arterial street fund	2,405,821	2,781,100	(375,279)
Capital improvement fund	11,990,982	9,680,898	2,310,084
Mitigation fund	5,854,370	4,900,512	953,858
Cemetery endowment fund	1,686,280	1,669,648	16,632
All other government funds	5,947,328	7,163,470	(1,216,142)
<b>Total</b>	<b>\$ 55,436,843</b>	<b>\$ 51,155,446</b>	<b>\$ 4,281,397</b>

Of the government funds’ total fund balances, \$20.3 million is unassigned. Nonspendable, restricted, committed and assigned fund balances total \$35.2 million. Of this \$35.2 million, \$13.1 million is earmarked for capital projects, \$13.0 million is in special revenue funds that are earmarked for specific purposes and \$1.7 million is for endowment.

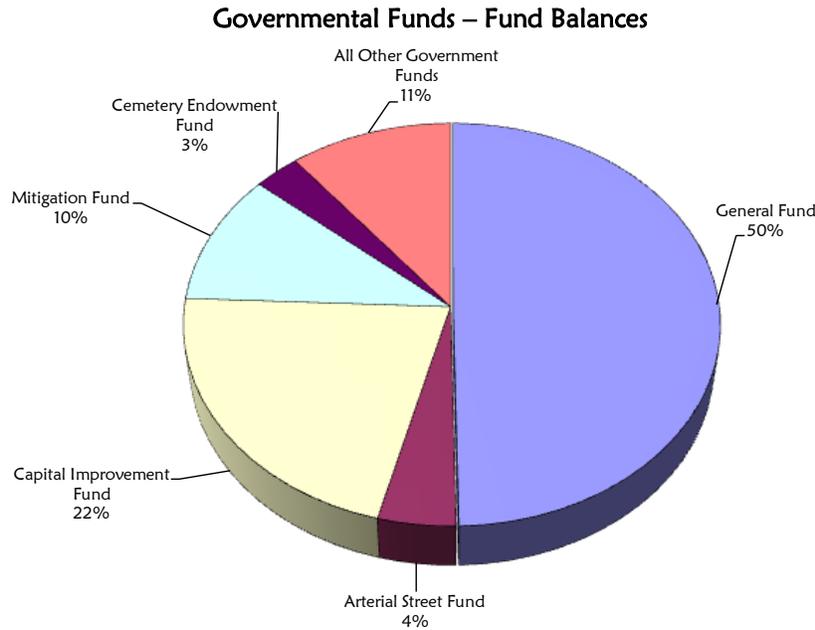
The general fund is the primary operating fund of the City. All receipts and payments of ordinary City operations are processed through it unless they are required to be accounted for in another fund. At the end of 2015, the general fund had a fund balance of \$27.6 million, \$7.2 million of which is assigned, and \$20.3 million is unassigned.

Other funds that had significant fund balances include:

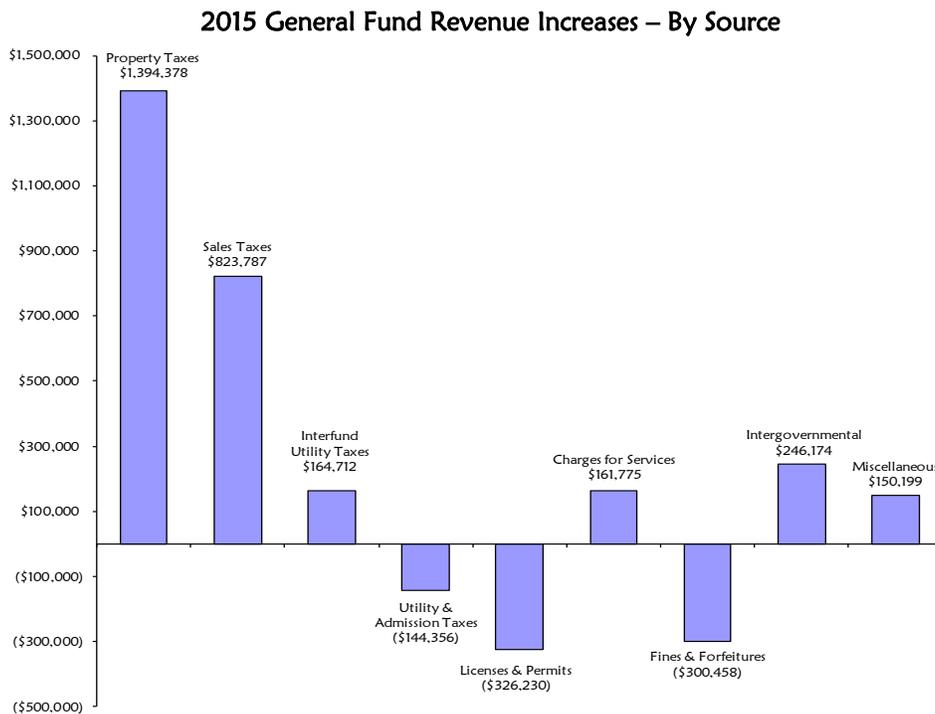
- \$12.0 million in the capital improvement projects fund; used for various governmental capital asset projects.
- \$5.9 million in the mitigation fund; used to collect fees from new development to mitigate the cost of new roads and other infrastructure.
- \$1.7 million in the cemetery endowed care fund; used for maintenance of the cemetery.
- \$8.4 million in all other government funds; used primarily for local street improvements and local revitalization funding.

The general fund balance of \$27.6 million increased by \$2.6 million from the prior year. Revenues increased with the continued gradual improvement in the local and regional economic conditions. At the same time, expenses increased over 2014 due to inflation and programmatic changes. Meanwhile, the City continues its vigilance in monitoring general expenditure activity.

The following chart shows the relative fund balances for governmental funds:



General fund revenue increased by \$2.2 million, sources of which are shown in the chart below. Property taxes increased \$1.4 million and sales taxes increased \$0.9 million. Licenses and Permits decreased by \$326,000 and Charges for Services increased by \$162,000. Building permit and Plan Check activity decreased slightly from 2014 levels while Intergovernmental revenues increased by \$246,000. Fines and Forfeitures decreased by \$300,000, reflecting the discontinuation of the Redflex red light traffic cameras in June 2014.



## Financial Analysis of Proprietary Funds

The City's proprietary funds provide the same type of information as found in the government-wide financial statements, but in greater detail. Factors affecting the finances of the City's proprietary funds have already been addressed in the discussion of the City's business-type activities.

## General Fund Budgetary Highlights

The City budgets biennially by adopting two single-year budgets at the end of each even-numbered year and then making adjustments as necessary via budget amendments throughout the next two years. Major amendments to the 2015 budget included:

- Budgeted General Fund expenditures and transfers out increased from \$62.8 million to \$65.1 million. Significant changes include increased costs for services provided by the King County District Court and with Public Health of Seattle and King County as well as a \$1.5 million transfer to cumulative reserves.

Reasons for the variances in the general fund between the final budget and actual results include:

- Actual General Fund revenues totaled \$61.0 million and exceeded budget by \$2.1 million. Significant areas of variance include sales taxes, which exceeded budget by \$900,000 reflecting continued improvement in the local economy; and licenses and permits exceeded budget by \$900,000 primarily the result of development service fees and building permits.
- Actual General Fund expenditures totaled \$61.1 million and were under budget by \$4.0 million. Departments experienced savings due to continued vigilance in monitoring city-wide expenditures. Significant areas of under-expenditure include staff vacancies, reduced costs of medical benefits and employee pensions, reduced professional services contracts, utilities, and other miscellaneous expenses.

## Capital Asset and Debt Administration

### Capital Assets

The City's investment in capital assets for both its governmental and business-type activities as of December 31, 2015 totaled \$621.2 million (net of accumulated depreciation), an increase of \$26.8 million from 2014. This investment in capital assets includes land, buildings, improvements, machinery and equipment, construction in progress, utility transmission/distribution systems, roads, bridges, and other infrastructure.

Major capital asset changes during the year include:

- Developer contributions resulted in an increase of \$4.4 million in utility infrastructure assets and \$11.9 million in governmental infrastructure assets.
- \$16.7 million was spent by proprietary funds on construction projects during the year.
- Purchases of government land resulted in an increase of \$0.1 million.
- \$16.2 million was spent by governmental funds on construction projects during the year. Some of the larger projects in the governmental funds include:
  - \$1.8 million on 2015 Local Street Pavement Restoration
  - \$1.5 million on Citywide Pavement Patching & Overlay
  - \$2.8 million on AWS Fir St. SE to Hemlock St. SE
  - \$2.6 million on the Auburn Community & Youth/Teen Center

A summary of the City’s capital assets follows:

**Summary of Capital Assets (net of depreciation)**

	Governmental Activities		Business-type Activities		Total	
	As of 12/31/15	As of 12/31/14	As of 12/31/15	As of 12/31/14	As of 12/31/15	As of 12/31/14
Land	\$ 108,289,765	\$ 107,948,445	\$ 12,526,187	\$ 12,276,187	\$ 120,815,952	\$ 120,224,632
Building	48,343,093	49,309,380	1,920,573	2,047,005	50,263,666	51,356,385
Site improvements	8,184,800	8,792,962	188,501,387	181,141,467	196,686,187	189,934,429
Equipment	7,273,562	6,946,074	296,076	299,545	7,569,638	7,245,619
Intangibles	347,093	501,656	5,196,600	5,196,600	5,543,693	5,698,256
Infrastructure	213,829,979	201,159,595	-	-	213,829,979	201,159,595
Construction in progress	9,589,142	9,017,708	16,866,891	9,766,126	26,456,033	18,783,834
	<u>\$ 395,857,434</u>	<u>\$ 383,675,820</u>	<u>\$ 225,307,714</u>	<u>\$ 210,726,930</u>	<u>\$ 621,165,148</u>	<u>\$ 594,402,750</u>

More detailed information on capital assets is provided in Note 7.

**Long-term Debt**

At the end of the current fiscal year, the City had total net bonded debt outstanding of \$85.0 million. Of this amount, \$24.3 million is due to other governments, \$30.7 million is general obligation bonds, and \$30.0 million is revenue bonds for the water, sewer and storm utilities. The City currently maintains a rating of Aa3 with Moody’s and a rating of AA+ with Standard & Poor’s for its general obligation debt.

The following schedule summarizes the City’s bonded debt:

**Summary of Bonded Debt**

	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 29,980,000	\$ 680,000	\$ 30,660,000
Revenue bonds	-	30,010,000	30,010,000
Due to other governments	\$ 24,277,650	-	24,277,650
	<u>\$ 54,257,650</u>	<u>\$ 30,690,000</u>	<u>\$ 84,947,650</u>

Below is a summary of additional, non-bonded long-term debt and liabilities of the City:

**Other Long-Term Debt and Liabilities**

Public Works Trust Fund loans	\$ 11,650,644
Capital Lease	\$ 569,773
Employee leave benefits	7,954,705
Other Post Employment Benefits	7,247,623
Pension Liability	18,726,785
	<u>\$ 46,149,530</u>

Washington State law limits the amount of general obligation debt a governmental entity may issue to 7.5% of its total assessed value. Of the 7.5% limit, 2.5% is for general purposes, 2.5% is for open spaces/parks, and 2.5% is for utilities. Non-voted (limited tax) general obligation indebtedness is limited to 1.5% of assessed valuation. The combination of unlimited tax and limited tax general obligation debt for all purposes cannot exceed 7.5% of assessed valuation.

Additional information can be found in note 9 and in the statistical section of this report.

## **Economic Factors**

Over the past year, economic conditions continued to improve locally. Real estate activity improved and real property values reversed a four-year downward trend, retail sales continued to increase, and the rate of unemployment in the County and City remained at pre-recession levels. However, while general economic conditions have improved over the past two years, the City is still recovering from the impacts of the recession and several areas at the Federal and State levels of government continue to cast a shadow. These negative factors include; the ongoing disagreements within the United States Congress on finding a long-term solution to fund governmental services, as well as, at a State level, long-term fiscal challenges for addressing holes left by one-time budget fixes in the current budget, and the need to fund \$1 billion in order to meet basic education mandates. Additionally, the State and City continues to grapple with the financial impacts of the streamlined sales tax revenue distributions to cities at reduced levels, compounded by the diversion of local liquor revenues.

While general economic conditions in the region have improved, and the economic outlook for the City is positive, short-term challenges to the City's overall financial condition remain. And although the City has seen significant private investments in the community, including development within several blocks in downtown that will serve as a catalyst for future redevelopment, the City remains cautious and continues to vigilantly monitor and control its expenses in order to live within the City's means.

## **Requests for Information**

This financial report is designed to provide a general overview of the City of Auburn's finances for readers with an interest in the City's finances. Questions concerning this report, or requests for additional information, may be addressed to the Finance Director, City of Auburn, 25 West Main Street, Auburn WA 98001-4998.



## GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City presents two government-wide financial statements.

### **The Statement of Net Position**

This statement provides information all on city assets and liabilities, with the difference between the two reported as net position.

### **The Statement of Activities**

This statement is focused on both the gross and net cost of various functions, including both governmental and business-type activities, which are supported by the City's general tax and other revenues.



City of Auburn, Washington  
**STATEMENT OF NET POSITION**  
 December 31, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents (Note 3)	\$ 52,457,139	\$ 36,626,402	\$ 89,083,541
Investments (Note 3)	237,310	-	237,310
Receivables			
Taxes	282,978	-	282,978
Customer Accounts	725,539	6,407,678	7,133,217
Other Receivables	2,293,660	-	2,293,660
Special Assessments	15,899	-	15,899
Due From Other Governmental Units (Note 6)	2,807,323	257,009	3,064,332
Internal Balances	(310,427)	310,427	-
Materials and Supplies Inventory	233,296	173,515	406,811
Restricted Assets:			
Temporarily Restricted:			
Cash and Cash Equivalents (Note 3)	12,320,259	8,385,350	20,705,609
Due From Other Governmental Units (Note 6)	4,013,982	-	4,013,982
Permanently Restricted:			
Cash and Cash Equivalents (Note 3)	1,585,707	-	1,585,707
Prepays	765,610	-	765,610
Long-Term Contracts and Notes	25,692	690,900	716,592
Net Pension Asset (Note 10)	5,350,418	-	5,350,418
Investment in Joint Ventures (Note 15)	31,462,656	-	31,462,656
Depreciable Capital Assets (Net of Accumulated Depreciation) (Note 7)	277,978,527	190,718,036	468,696,563
Non-Depreciable Capital Assets (Note 7)	117,878,907	34,589,678	152,468,585
<b>Total Assets</b>	<b>510,124,475</b>	<b>278,158,995</b>	<b>788,283,470</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred Outflows from Bond Refunding	16,759	33,237	49,996
Deferred Outflows related to Pensions	2,042,218	762,325	2,804,543
<b>Total Deferred Outflow of Resources</b>	<b>2,058,977</b>	<b>795,562</b>	<b>2,854,539</b>
<b>LIABILITIES:</b>			
Accounts Payable	5,530,460	4,762,672	10,293,132
Other Liabilities Payable	684,294	-	684,294
Payable From Restricted Assets:			
Accrued Interest	-	1,609,552	1,609,552
Deposits	-	185,309	185,309
Unearned Revenue	25,692	-	25,692
Bonds and Other Debt Payable:			
Due Within One Year (Note 9)	3,184,663	2,963,393	6,148,056
Due in More Than One Year (Note 9)	33,651,408	37,220,946	70,872,354
Due to Other Governmental Units:			
Due Within One Year (Note 9)	664,950	-	664,950
Due in More Than One Year (Note 9)	23,612,700	-	23,612,700
Net Pension Liability	12,828,199	5,898,586	18,726,785
Net OPEB Obligation (Note 11)	7,247,623	-	7,247,623
<b>Total Liabilities</b>	<b>87,429,989</b>	<b>52,640,458</b>	<b>140,070,447</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred Inflows related to Pensions	3,260,251	970,315	4,230,566
<b>Total Deferred Inflows of Resources</b>	<b>3,260,251</b>	<b>970,315</b>	<b>4,230,566</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	361,094,242	187,604,782	548,699,024
Restricted:			
Capital Projects	17,134,142	799	17,134,941
Nonexpendable Permanent Endowment	1,585,707	-	1,585,707
Debt Service	13,278	4,349,763	4,363,041
Tourist Promotion	201,293	-	201,293
Drug Investigation and Enforcement	443,161	-	443,161
Community Development Block Grant Program	44,904	-	44,904
Central Business District Development	48,395	-	48,395
Rate Stabilization	-	413,778	413,778
Unrestricted	40,928,090	32,974,662	73,902,752
<b>Total Net Position</b>	<b>\$ 421,493,212</b>	<b>\$ 225,343,784</b>	<b>\$ 646,836,996</b>

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

City of Auburn, Washington  
**STATEMENT OF ACTIVITIES**  
 For the Year Ended December 31, 2015

	Program Revenues			
Expenses	Charges for Services and Fines	Operating Grants and Contributions	Capital Grants and Contributions	
<b><u>FUNCTIONS / PROGRAMS:</u></b>				
<b>Primary Government</b>				
Governmental Activities:				
General Government	\$ 9,187,539	\$ 1,243,263	\$ 241,898	\$ 442,648
Public Safety	29,883,217	1,993,117	1,511,895	-
Transportation	17,324,036	1,446,026	3,953	17,374,384
Physical Environment	2,924,046	384,485	204,079	350,628
Culture and Recreation	12,096,651	3,052,599	2,268,531	941,576
Economic Environment	3,044,354	2,989,579	-	60,364
Health and Human Resources	925,299	-	3,953	356,948
Interest on Long-Term Debt	1,986,853	-	-	-
	<u>77,371,995</u>	<u>11,109,069</u>	<u>4,234,309</u>	<u>19,526,548</u>
Business-Type Activities				
Water	13,691,529	14,225,395	-	1,999,057
Sanitary Sewer	23,992,161	24,325,029	-	1,572,756
Storm Drainage	8,308,559	9,255,944	-	2,250,044
Solid Waste	12,907,832	13,770,806	106,286	-
Nonmajor Business-Type Activities	2,062,695	1,813,965	-	-
	<u>60,962,776</u>	<u>63,391,139</u>	<u>106,286</u>	<u>5,821,857</u>
<b>Total Primary Government</b>	<b>\$ 138,334,771</b>	<b>\$ 74,500,208</b>	<b>\$ 4,340,595</b>	<b>\$ 25,348,405</b>

General Revenues:  
 Taxes:  
     Property  
     Retail Sales and Use  
     Interfund Utility  
     Utility  
     Excise  
     Other  
 Investment Earnings  
 Other Revenues  
 Gain on Sale of Capital Assets  
 Contributions to Endowment Funds  
 Transfers (Note 5)  
 Total General Revenues

Change in Net Position  
 Net Position, January 1, as Previously Reported  
 Change In Accounting Principle  
 Net Position, January 1 restated  
 Net Position, December 31

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

Page 2 of 2

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 Net (Expense) Revenue and  
 Changes in Net Position
 

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Governmental Activities	Business-Type Activity	Total
\$ (7,259,730)	\$ -	\$ (7,259,730)
(26,378,205)	-	(26,378,205)
1,500,327	-	1,500,327
(1,984,854)	-	(1,984,854)
(5,833,945)	-	(5,833,945)
5,589	-	5,589
(564,398)	-	(564,398)
(1,986,853)	-	(1,986,853)
<u>(42,502,069)</u>	<u>-</u>	<u>(42,502,069)</u>
-	2,532,923	2,532,923
-	1,905,624	1,905,624
-	3,197,429	3,197,429
-	969,260	969,260
-	<u>(248,730)</u>	<u>(248,730)</u>
-	8,356,506	8,356,506
<u>\$ (42,502,069)</u>	<u>\$ 8,356,506</u>	<u>\$ (34,145,563)</u>
\$ 17,271,705	\$ -	\$ 17,271,705
21,125,730	-	21,125,730
4,260,831	-	4,260,831
8,838,179	-	8,838,179
4,999,517	-	4,999,517
4,722,482	-	4,722,482
118,399	70,560	188,959
153,041	1,871,835	2,024,876
-	10,000	10,000
41,559	-	41,559
(462,955)	462,955	-
<u>61,068,488</u>	<u>2,415,350</u>	<u>63,483,838</u>
18,566,419	10,771,856	29,338,275
416,383,399	220,938,606	637,322,005
(13,456,606)	(6,366,678)	(19,823,284)
<u>402,926,793</u>	<u>214,571,928</u>	<u>617,498,721</u>
<u>\$ 421,493,212</u>	<u>\$ 225,343,784</u>	<u>\$ 646,836,996</u>



## MAJOR GOVERNMENTAL FUNDS

### **General Fund**

The general fund accounts for all of the City's financial resources except those required by statute or generally accepted accounting principles to be accounted for in another fund. As is the case with most municipalities, the general fund is the largest and most important accounting entity of the City. As noted in the statements that follow, the general fund receives the bulk of its revenues from local taxes, followed by State shared revenues, service charges, and other income.

The general fund is accounted for on a modified accrual basis. Biennial budgets are adopted with appropriations lapsing at the end of each year of the biennium.

### **Arterial Street Fund**

This fund is supported by the State of Washington's motor vehicle fuel tax and by various grants and is used for major street construction.

### **Capital Improvement Projects Fund**

This fund accounts for major capital acquisitions, and streets and parks construction projects.

City of Auburn, Washington  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2015

	General Fund	Arterial Street	Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 25,743,727	\$ 819,604	\$ 11,867,119	\$ 12,879,815	\$ 51,310,265
Investments (Note 3)	237,310	-	-	-	237,310
Receivables:					
Taxes	282,978	-	-	-	282,978
Customer Accounts	69,161	447,874	-	132,013	649,048
Other Receivables	1,966,936	-	-	325,941	2,292,877
Special Assessments	-	-	-	15,899	15,899
Interfund Receivable (Note 5)	400,000	-	183,395	-	583,395
Long-Term Notes and Contracts	-	-	25,692	-	25,692
Due From Other Governmental Units (Note 6)	2,801,547	2,158,971	102,600	1,752,411	6,815,529
Prepays	127	-	-	-	127
Total Assets	<u>31,501,786</u>	<u>3,426,449</u>	<u>12,178,806</u>	<u>15,106,079</u>	<u>62,213,120</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES:</b>					
Liabilities:					
Current Payables	2,433,228	1,020,628	162,132	1,084,065	4,700,053
Customer Deposits	343,714	-	-	-	343,714
Interfund Payable (Note 5)	-	-	-	400,000	400,000
Other Liabilities Payable	68,705	-	-	118,137	186,842
Unearned Revenue	-	-	25,692	-	25,692
Total Liabilities	<u>2,845,647</u>	<u>1,020,628</u>	<u>187,824</u>	<u>1,602,202</u>	<u>5,656,301</u>
Deferred Inflow of Resources:					
Unavailable Revenue-Special Assessments	-	-	-	15,899	15,899
Unavailable Revenue-Other	1,104,077	-	-	-	1,104,077
Total Deferred Inflow of Resources	<u>1,104,077</u>	<u>-</u>	<u>-</u>	<u>15,899</u>	<u>1,119,976</u>
Fund Balances: (Note 1)					
Nonspendable	127	-	-	-	127
Nonspendable Permanent Endowment	-	-	-	1,585,707	1,585,707
Restricted	-	2,405,821	8,168,980	7,310,372	17,885,173
Committed	-	-	-	3,658,719	3,658,719
Assigned	7,284,159	-	3,822,002	933,180	12,039,341
Unassigned	20,267,776	-	-	-	20,267,776
Total Fund Balances:	<u>27,552,062</u>	<u>2,405,821</u>	<u>11,990,982</u>	<u>13,487,978</u>	<u>55,436,843</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 31,501,786</u>	<u>\$ 3,426,449</u>	<u>\$ 12,178,806</u>	<u>\$ 15,106,079</u>	<u>\$ 62,213,120</u>

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

City of Auburn, Washington  
**RECONCILIATION OF BALANCE SHEET OF GOVERNMENT FUNDS TO THE STATEMENT OF NET POSITION**  
 December 31, 2015

Total governmental fund balances as reported on this statement		\$ 55,436,843
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in the governmental funds.		389,002,397
Other non-current assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Investment in Joint Ventures	7,185,006	
Prepays	765,483	
Interest receivable on investments	783	
Net pension asset	5,350,418	13,301,690
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the governmental funds.		
Unearned revenue beyond the city's 30-day measurable and available period	1,104,077	
Unavailable revenue reported for special assessments	15,899	1,119,976
Internal service funds are used by management to charge the cost of certain activities, such as insurance, fleet maintenance and information technology, to individual funds. The assets and liabilities of these internal service funds are included in governmental activities in the statement of net position.		18,420,071
Some liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Bonds and loans payable	(34,450,978)	
Premium on Bonds Payable	(143,382)	
Deferred amount on bond refunding	16,759	
Deferred amounts related to pensions	(1,146,805)	
Interest payable	(153,438)	
Net pension liability	(10,796,897)	
Net other postemployment obligations	(7,247,623)	
Compensated absences payable	(1,865,401)	(55,787,765)
Net position of government activities as reported on the statement of net position		\$ 421,493,212

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

City of Auburn, Washington  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
For the Year Ended December 31, 2015

	General Fund	Arterial Street	Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Taxes:					
Property	\$ 17,199,418	\$ -	\$ -	\$ 137,690	\$ 17,337,108
Retail Sales & Use	18,573,172	-	-	2,552,558	21,125,730
Interfund Utility	3,652,141	-	-	608,690	4,260,831
Utility	7,448,255	-	-	1,389,924	8,838,179
Excise	333,176	-	4,555,215	111,126	4,999,517
Other	-	-	-	70,972	70,972
Licenses and Permits	2,074,432	-	-	-	2,074,432
Intergovernmental	5,463,158	4,626,658	83,728	3,446,902	13,620,446
Charges for Services	4,327,676	657,469	-	2,336,150	7,321,295
Fines and Forfeitures	938,775	-	-	-	938,775
Special Assessments	-	-	-	7,494	7,494
Investment Earnings	72,652	2,670	18,129	24,491	117,942
Miscellaneous	1,025,251	725,173	5,677	134,318	1,890,419
Total Revenues	<u>61,108,106</u>	<u>6,011,970</u>	<u>4,662,749</u>	<u>10,820,315</u>	<u>82,603,140</u>
<b>EXPENDITURES:</b>					
Current:					
General Government	8,661,592	-	-	-	8,661,592
Security of Persons and Property	28,488,088	-	-	676,684	29,164,772
Physical Environment	2,991,145	-	-	-	2,991,145
Transportation	3,033,415	6,862,458	-	6,427,552	16,323,425
Economic Environment	2,518,399	-	-	548,275	3,066,674
Health and Human Services	925,299	-	-	-	925,299
Culture and Recreation	10,700,631	-	-	49	10,700,680
Debt Service:					
Principal	270,887	197,376	-	1,245,677	1,713,940
Interest and Other Costs	35,911	21,385	-	1,743,813	1,801,109
Capital Outlay	38,583	-	505,205	3,036,516	3,580,304
Total Expenditures	<u>57,663,950</u>	<u>7,081,219</u>	<u>505,205</u>	<u>13,678,566</u>	<u>78,928,940</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,444,156</u>	<u>(1,069,249)</u>	<u>4,157,544</u>	<u>(2,858,251)</u>	<u>3,674,200</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Sales of Capital Assets	4,000	-	17,952	-	21,952
Insurance Recoveries	153,041	-	-	-	153,041
Transfers In (Note 5)	2,949,197	694,348	15,167	3,442,118	7,100,830
Transfers Out (Note 5)	(3,958,150)	(378)	(1,880,579)	(829,519)	(6,668,626)
Total Other Financing Sources and Uses	<u>(851,912)</u>	<u>693,970</u>	<u>(1,847,460)</u>	<u>2,612,599</u>	<u>607,197</u>
Net Change in Fund Balances	<u>2,592,244</u>	<u>(375,279)</u>	<u>2,310,084</u>	<u>(245,652)</u>	<u>4,281,397</u>
Fund Balances - Beginning	24,959,818	2,781,100	9,680,898	13,733,630	51,155,446
Fund Balances - Ending	<u>\$ 27,552,062</u>	<u>\$ 2,405,821</u>	<u>\$ 11,990,982</u>	<u>\$ 13,487,978</u>	<u>\$ 55,436,843</u>

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

City of Auburn, Washington  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES**  
 For the Year Ended December 31, 2015

Net change in fund balances per the Statement of Revenues, Expenditures and Changes in Fund Balance		\$ 4,281,397
Amount reported as change in net position in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$14,982,139) exceeded depreciation (\$15,141,188) in the current period.		(159,049)
Certain Capital and Joint Venture activities do not use or provide current financial resources but increase net position.		692,263
Governmental funds report sales of assets as other financing sources while the Statement of Activities reports only the gain or loss on sale of capital assets.		(1,686)
Debt proceeds are reported as financing sources in governmental fund and thus contribute to the change in fund balances. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. Debt transferred from Cemetery Fund to governmental activities		(499,690)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Property taxes	(65,403)	
Special assessments	(7,648)	
Other unavailable revenue	(141,765)	
Amortization of bond premium	<u>29,141</u>	
		(187,586)
Developer contributions and annexation of infrastructure assets are reported as revenue in the statement of activities, but do not provide current financial resources and are not reported as fund revenue.		11,926,684
Repayment of the principal of long-term debt consumes the current financial resources of governmental funds but has no effect on the net position.		1,488,263
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet maintenance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		956,380
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Amortization of prepaids	(109,355)	
Change in accrued interest payable	3,547	
Change in net pension obligation or asset	1,367,691	
Change in net other postemployment benefits	(1,036,159)	
Change in compensated absences payable	<u>(156,281)</u>	
		69,443
Change in net position on the Statement of Activities		<u><u>\$ 18,566,419</u></u>

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

City of Auburn, Washington  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**

For the Year Ended December 31, 2015

	Budget Amounts		Actual Results	Variance with Final Budget Positive (Negative)
	Original (GAAP Basis)	Final Adopted (GAAP Basis)		
<b>REVENUES:</b>				
Taxes:				
Property	\$ 16,708,900	\$ 17,182,600	\$ 17,199,418	\$ 16,818
Retail Sales & Use	17,389,000	17,389,000	18,573,172	1,184,172
Interfund Utility	3,452,300	3,452,300	3,652,141	199,841
Utility	7,786,800	7,786,800	7,448,255	(338,545)
Excise	265,400	265,400	333,176	67,776
Licenses and Permits	1,851,300	1,851,300	2,074,432	223,132
Intergovernmental	5,262,430	5,434,951	5,463,158	28,207
Charges for Services	3,380,880	3,394,780	4,327,676	932,896
Fines and Forfeitures	1,388,040	788,040	938,775	150,735
Investment Earnings	36,850	36,850	56,935	20,085
Miscellaneous	681,400	689,500	1,025,251	335,751
Total Revenues	<u>58,203,300</u>	<u>58,271,521</u>	<u>61,092,389</u>	<u>2,820,868</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	9,678,999	9,711,057	8,661,592	1,049,465
Security of Persons and Property	30,184,255	29,771,620	28,488,088	1,283,532
Physical Environment	3,014,688	3,148,192	2,991,145	157,047
Transportation	3,405,676	3,415,676	3,033,415	382,261
Economic Environment	2,721,609	2,966,625	2,518,399	448,226
Health and Human Services	618,126	1,146,326	925,299	221,027
Culture and Recreation	10,910,923	11,016,220	10,700,631	315,589
Debt Service	305,290	328,307	306,798	21,509
Capital Outlay	5,000	42,854	38,583	4,271
Total Expenditures	<u>60,844,566</u>	<u>61,546,877</u>	<u>57,663,950</u>	<u>3,882,927</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(2,641,266)</u>	<u>(3,275,356)</u>	<u>3,428,439</u>	<u>6,703,795</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sales of Capital Assets	-	-	4,000	4,000
Insurance Recoveries	25,000	50,600	153,041	102,441
Transfers In (Note 5)	539,380	560,823	149,197	(411,626)
Transfers Out (Note 5)	(1,968,695)	(3,514,748)	(3,528,044)	(13,296)
Total Other Financing Sources and Uses	<u>(1,404,315)</u>	<u>(2,903,325)</u>	<u>(3,221,806)</u>	<u>(318,481)</u>
Net Change in Fund Balances	<u>(4,045,581)</u>	<u>(6,178,681)</u>	<u>206,633</u>	<u>6,385,314</u>
Fund Balances - Beginning	<u>14,592,724</u>	<u>19,360,132</u>	<u>19,360,132</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 10,547,143</u>	<u>\$ 13,181,451</u>	<u>\$ 19,566,765</u>	<u>\$ 6,385,314</u>

**RECONCILIATION OF PERSPECTIVE DIFFERENCE BETWEEN BUDGETARY INFORMATION AND  
GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP):**

The Cumulative Reserve Fund is combined with  
the General Fund for purposes of GASB Statement 54

7,985,297

Fund Balance - Ending (GAAP)

\$ 27,552,062

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

City of Auburn, Washington  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**ARTERIAL STREET FUND**

For the Year Ended December 31, 2015

	Budget Amounts		Actual Results	Variance with Final Budget Positive (Negative)
	Original (GAAP Basis)	Final Adopted (GAAP Basis)		
<b>REVENUES:</b>				
Taxes:				
Intergovernmental	\$ 10,090,137	\$ 13,799,627	\$ 4,626,658	\$ (9,172,969)
Charges for Services	-	776,356	657,469	(118,887)
Investment Earnings	2,000	2,000	2,670	670
Miscellaneous	1,050,000	2,001,328	725,173	(1,276,155)
Total Revenues	<u>11,142,137</u>	<u>16,579,311</u>	<u>6,011,970</u>	<u>(10,567,341)</u>
<b>EXPENDITURES:</b>				
Current:				
Transportation	14,137,487	20,857,703	6,862,458	13,995,245
Debt Service				
Principal	196,006	197,377	197,376	1
Interest and Other Costs	21,237	21,386	21,385	1
Total Expenditures	<u>14,354,730</u>	<u>21,076,466</u>	<u>7,081,219</u>	<u>13,995,247</u>
<b>Excess (Deficiency) of Revenues Over (Under Expenditures)</b>	<u>(3,212,593)</u>	<u>(4,497,155)</u>	<u>(1,069,249)</u>	<u>3,427,906</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In (Note 5)	3,008,453	3,350,137	694,348	(2,655,789)
Transfers Out (Note 5)	-	(10,053)	(378)	9,675
Total Other Financing Sources and Uses	<u>3,008,453</u>	<u>3,340,084</u>	<u>693,970</u>	<u>(2,646,114)</u>
Net Change in Fund Balances	<u>(204,140)</u>	<u>(1,157,071)</u>	<u>(375,279)</u>	<u>781,792</u>
Fund Balances - Beginning	1,312,844	2,781,100	2,781,100	-
Fund Balances - Ending	<u>\$ 1,108,704</u>	<u>\$ 1,624,029</u>	<u>\$ 2,405,821</u>	<u>\$ 781,792</u>

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



## MAJOR PROPRIETARY FUNDS

### ENTERPRISE FUNDS

The City's enterprise funds are used to account for operations that are financed and operated in a manner similar to private business operations. The goods and services these funds provide to the general public are primarily financed by service charges. Enterprise funds are self-supporting and use the accrual method of accounting. Auburn has four major enterprise funds.

#### **The Water Fund**

This fund accounts for all maintenance, construction, and debt service requirements associated with Auburn's water system.

#### **The Sanitary Sewer Fund**

This fund accounts for maintenance, construction, and debt requirements for Auburn's sanitary sewer system.

#### **The Storm Drainage Fund**

This fund accounts for the maintenance, construction and debt service requirements of Auburn's storm drainage system.

#### **The Solid Waste Fund**

Garbage collection services for the City are accounted for in this fund, supported almost entirely by garbage collection fees. Expenses include payment to the City's garbage contractor and other service charges.

City of Auburn, Washington  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
December 31, 2015

	Enterprise Funds					Governmental Activities	
	Water	Sanitary Sewer	Storm Drainage	Solid Waste	Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>ASSETS:</b>							
Current Assets							
Cash and Cash Equivalents	\$ 7,002,144	\$ 14,160,851	\$ 11,232,388	\$ 3,105,740	\$ 1,125,279	\$ 36,626,402	\$ 15,052,840
Restricted Cash:							
Bond Payments	1,764,431	445,929	826,055	-	-	3,036,415	-
Customer Deposits	28,301	83,272	3,422	-	70,920	185,915	-
Other	2,515,648	516,973	2,130,399	-	-	5,163,020	-
Customer Accounts	1,249,164	2,607,649	1,031,656	1,519,209	-	6,407,678	76,491
Due From Other Governmental Units	1,495	1,451	158,875	51,683	43,505	257,009	5,776
Inventories	152,251	7,511	7,031	-	6,722	173,515	233,296
Total Current Assets	<u>12,713,434</u>	<u>17,823,636</u>	<u>15,389,826</u>	<u>4,676,632</u>	<u>1,246,426</u>	<u>51,849,954</u>	<u>15,368,403</u>
Noncurrent Assets							
Long-Term Contracts and Notes	-	690,900	-	-	-	690,900	-
Capital Assets:							
Land	897,971	1,695,023	5,937,014	-	3,996,179	12,526,187	-
Water Rights	5,196,600	-	-	-	-	5,196,600	-
Buildings and Equipment	2,489,644	1,235,992	270,619	496,618	3,729,569	8,222,442	21,069,813
Improvements Other Than Buildings	115,135,100	95,727,357	67,412,310	-	10,777,717	289,052,484	117,158
Construction in Progress	10,225,733	2,143,531	4,155,388	-	342,239	16,866,891	43,655
Less: Accumulated Depreciation	(48,254,811)	(27,227,205)	(22,518,801)	(411,931)	(8,144,142)	(106,556,890)	(14,375,589)
Total Capital Assets (Net of A/D)	<u>85,690,237</u>	<u>73,574,698</u>	<u>55,256,530</u>	<u>84,687</u>	<u>10,701,562</u>	<u>225,307,714</u>	<u>6,855,037</u>
Total Noncurrent Assets	<u>85,690,237</u>	<u>74,265,598</u>	<u>55,256,530</u>	<u>84,687</u>	<u>10,701,562</u>	<u>225,998,614</u>	<u>6,855,037</u>
Total Assets	<u>98,403,671</u>	<u>92,089,234</u>	<u>70,646,356</u>	<u>4,761,319</u>	<u>11,947,988</u>	<u>277,848,568</u>	<u>22,223,440</u>
<b>DEFERRED OUTFLOW OF RESOURCES:</b>							
Deferred Outflow from Bond Refunding	-	-	-	-	33,237	33,237	-
Deferred Outflow related to Pensions	265,638	168,303	248,863	39,059	40,462	762,325	265,336
	<u>265,638</u>	<u>168,303</u>	<u>248,863</u>	<u>39,059</u>	<u>73,699</u>	<u>795,562</u>	<u>265,336</u>
<b>LIABILITIES:</b>							
Current Liabilities:							
Current Payables	1,255,071	1,790,436	384,665	1,199,245	133,255	4,762,672	830,407
Customer Deposits	-	-	-	-	-	-	300
Interfund Payables (Note 5)	-	-	-	-	183,395	183,395	-
Loans Payable - Current	572,855	288,262	-	-	-	861,117	-
Employee Leave Benefits - Current	175,527	101,452	163,912	28,344	18,041	487,276	149,260
Revenue Bonds Payable - Current	887,033	154,665	423,302	-	-	1,465,000	-
General Obligation Bonds Payable - Current	-	-	-	-	150,000	150,000	-
Payable From Restricted Assets:							
Accrued Interest	908,148	298,652	402,752	-	-	1,609,552	-
Deposits	28,301	83,272	3,422	-	70,314	185,309	-
Other Liabilities Payable	-	-	-	-	-	-	39,107
Total Current Liabilities	<u>3,826,935</u>	<u>2,716,739</u>	<u>1,378,053</u>	<u>1,227,589</u>	<u>555,005</u>	<u>9,704,321</u>	<u>1,019,074</u>
Noncurrent Liabilities							
Employee Leave Benefits	48,756	28,180	45,530	7,873	5,011	135,350	41,459
Other LT Liabilities Payable	-	-	-	-	-	-	146,484
Loans Payable	4,035,798	2,666,932	-	-	-	6,702,730	-
Revenue Bonds Payable	16,712,597	4,734,612	8,392,170	-	-	29,839,379	-
General Obligation Bonds Payable	-	-	-	-	543,487	543,487	-
Net Pension Liability	2,880,872	1,192,185	1,448,887	193,738	182,904	5,898,586	2,031,302
Total Noncurrent Liabilities	<u>23,678,023</u>	<u>8,621,909</u>	<u>9,886,587</u>	<u>201,611</u>	<u>731,402</u>	<u>43,119,532</u>	<u>2,219,245</u>
Total Liabilities	<u>27,504,958</u>	<u>11,338,648</u>	<u>11,264,640</u>	<u>1,429,200</u>	<u>1,286,407</u>	<u>52,823,853</u>	<u>3,238,319</u>
<b>DEFERRED INFLOW OF RESOURCES:</b>							
Deferred Inflow related to Pensions	382,309	208,328	291,238	43,908	44,532	970,315	336,564
<b>NET POSITION:</b>							
Net Investment in Capital Assets:	64,367,289	65,730,228	47,381,266	84,687	10,041,312	187,604,782	6,669,446
Restricted for:							
Debt Service	2,486,597	663,450	1,199,716	-	-	4,349,763	-
Capital Projects	-	799	-	-	-	799	-
Rate Stabilization	-	-	413,778	-	-	413,778	-
Unrestricted	3,928,156	14,316,084	10,344,581	3,242,583	649,436	32,480,840	12,244,447
Total Net Position	<u>\$ 70,782,042</u>	<u>\$ 80,710,561</u>	<u>\$ 59,339,341</u>	<u>\$ 3,327,270</u>	<u>\$ 10,690,748</u>	<u>\$ 224,849,962</u>	<u>\$ 18,913,893</u>
						Adjustment to reflect the consolidation of internal service funds related to enterprise funds	493,822
						Net position of business-type activities	<u>\$ 225,343,784</u>

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

City of Auburn, Washington  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
For the Year Ended December 31, 2015

	Enterprise Funds					Governmental Activities	
	Water	Sanitary Sewer	Storm Drainage	Solid Waste	Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>OPERATING REVENUES:</b>							
Charges of Services	\$ 14,225,395	\$ 24,325,029	\$ 9,255,944	\$ 13,770,806	\$ 1,117,625	\$ 62,694,799	\$ 13,057,948
Other Operating Revenue	-	-	-	-	696,340	696,340	211,031
Total Operating Revenue	<u>14,225,395</u>	<u>24,325,029</u>	<u>9,255,944</u>	<u>13,770,806</u>	<u>1,813,965</u>	<u>63,391,139</u>	<u>13,268,979</u>
<b>OPERATING EXPENSES:</b>							
Operations & Maintenance	5,724,361	17,653,404	2,193,960	11,222,806	301,153	37,095,684	9,427,887
Administration	2,773,952	2,185,454	3,190,200	671,596	688,285	9,509,487	818,370
Depreciation / Amortization	2,934,694	2,120,150	1,663,208	18,819	518,827	7,255,698	1,551,966
Other Operating Expenses	1,650,719	1,970,380	838,769	994,611	12,906	5,467,385	-
Total Operating Expenses	<u>13,083,726</u>	<u>23,929,388</u>	<u>7,886,137</u>	<u>12,907,832</u>	<u>1,521,171</u>	<u>59,328,254</u>	<u>11,798,223</u>
Operating Income (Loss)	<u>1,141,669</u>	<u>395,641</u>	<u>1,369,807</u>	<u>862,974</u>	<u>292,794</u>	<u>4,062,885</u>	<u>1,470,756</u>
<b>NON-OPERATING REVENUE (EXPENSE):</b>							
Interest Revenue	19,431	21,118	24,258	3,908	1,845	70,560	20,118
Other Non-Operating Revenue	241,238	90,236	1,470,510	106,566	69,571	1,978,121	110,986
Gain on Sale of Capital Assets	-	-	10,000	-	-	10,000	(30,466)
Interest Expense	(606,837)	(277,923)	(153,180)	-	-	(1,037,940)	(2,951)
Other Non-Operating Expenses	(966)	(1,444)	(269,242)	-	(41,834)	(313,486)	-
Total Non-Operating Revenue (Expense)	<u>(347,134)</u>	<u>(168,013)</u>	<u>1,082,346</u>	<u>110,474</u>	<u>29,582</u>	<u>707,255</u>	<u>97,687</u>
Income (Loss) Before Contributions & Transfers	<u>794,535</u>	<u>227,628</u>	<u>2,452,153</u>	<u>973,448</u>	<u>322,376</u>	<u>4,770,140</u>	<u>1,568,443</u>
Capital Contribution	1,999,057	1,572,756	2,250,044	-	-	5,821,857	-
Transfers In (Note 5)	-	-	526,059	-	30,000	556,059	500,919
Transfers Out (Note 5)	(203,642)	(190,371)	(198,781)	-	-	(592,794)	(896,388)
Change in Net Position	<u>2,589,950</u>	<u>1,610,013</u>	<u>5,029,475</u>	<u>973,448</u>	<u>352,376</u>	<u>10,555,262</u>	<u>1,172,974</u>
Net Position, January 1, as Previously Reported	71,320,494	80,384,818	55,862,809	2,560,449	10,532,808	220,661,378	19,932,921
Change in Accounting Principle	(3,128,402)	(1,284,270)	(1,552,943)	(206,627)	(194,436)	(6,366,678)	(2,192,002)
Net Position, January 1 restated	<u>68,192,092</u>	<u>79,100,548</u>	<u>54,309,866</u>	<u>2,353,822</u>	<u>10,338,372</u>	<u>214,294,700</u>	<u>17,740,919</u>
Net Position, December 31	<u>\$ 70,782,042</u>	<u>\$ 80,710,561</u>	<u>\$ 59,339,341</u>	<u>\$ 3,327,270</u>	<u>\$ 10,690,748</u>	<u>\$ 224,849,962</u>	<u>\$ 18,913,893</u>
						Change in net position from this statement	4,188,584
						Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	216,594
						Change in net position of business-type activities	<u>\$ 4,405,178</u>

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

City of Auburn, Washington  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended December 31, 2015

Page 1 of 2

	Water	Sanitary Sewer	Storm Drainage	Solid Waste	Non Major Enterprise Funds	Total	Government Activities Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Cash Received from Users	\$ 14,276,698	\$ 24,277,913	\$ 9,268,774	\$ 13,755,430	\$ 1,832,457	\$ 63,411,272	\$ 13,282,259
Cash Paid to Suppliers for Goods & Services	(4,534,225)	(17,473,056)	(2,413,647)	(11,307,645)	(789,344)	(36,517,917)	(6,283,708)
Cash Paid for Taxes	(1,650,719)	(1,970,380)	(838,769)	(994,611)	(12,906)	(5,467,385)	(3,318)
Cash Paid to Employees	(3,539,354)	(2,389,453)	(3,488,998)	(578,362)	(663,988)	(10,660,155)	(4,098,075)
Other Cash Received	56,045	-	-	-	151	56,196	138
Net Cash Provided (Used) by Operating Activities	4,608,445	2,445,024	2,527,360	874,812	366,370	10,822,011	2,897,296
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>							
Interfund Loan Payable	-	-	-	-	(16,605)	(16,605)	-
Operating Grant	60,181	68,640	322,363	88,685	64,819	604,688	735
Other Non-Operating Revenue	-	(142,057)	100,961	-	4,380	(36,716)	(84,106)
Transfers In	-	-	526,059	-	30,000	556,059	500,919
Transfers Out	(203,642)	(190,371)	(198,781)	-	-	(592,794)	(896,388)
Net Cash Provided (Used) by Noncapital Financing Activities	(143,461)	(263,788)	750,602	88,685	82,594	514,632	(478,840)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
Proceeds from Sale of Equipment	-	-	10,000	-	-	10,000	116,828
Purchase of Capital Assets	(8,096,678)	(2,384,304)	(6,579,745)	-	(365,571)	(17,426,298)	(2,027,550)
Contributed Capital	567,132	437,842	406,699	-	-	1,411,673	-
Capital Grants	-	-	1,139,237	-	(20,479)	1,118,758	-
Proceeds from Other Governments	158,603	207,203	-	-	-	365,806	-
Proceeds from Insurance Settlement	26,589	-	-	-	-	26,589	106,842
Principal Payment on Debt	(1,382,136)	(436,790)	(412,167)	-	(135,000)	(2,366,093)	185,592
Interest Payment on Debt	(1,147,836)	(291,493)	35,253	-	(36,675)	(1,440,751)	(2,951)
Debt Proceeds	850,402	-	-	-	-	850,402	(2,951)
Net Cash Provided (Used) for Capital and Related Financing Activities	(9,023,924)	(2,467,542)	(5,400,723)	-	(557,725)	(17,449,914)	(1,624,190)
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>							
Proceeds from Sale of Investments	-	-	1,000,146	-	-	1,000,146	-
Interest Received	19,431	21,118	24,258	3,908	1,845	70,560	20,118
Net Cash Provided (Used) in Investing Activities	19,431	21,118	1,024,404	3,908	1,845	1,070,706	20,118
Net Increase (Decrease) in Cash and Cash Equivalents	(4,539,509)	(265,188)	(1,098,357)	967,405	(106,916)	(5,042,565)	817,335
Cash and Cash Equivalents - Beginning of Year	15,850,033	15,472,214	15,290,621	2,138,335	1,303,115	50,054,318	14,235,505
Cash and Cash Equivalents - End of Year	\$ 11,310,524	\$ 15,207,026	\$ 14,192,264	\$ 3,105,740	\$ 1,196,199	\$ 45,011,753	\$ 15,052,840
<b>CASH AT END OF YEAR CONSISTS OF:</b>							
Cash and Cash Equivalents	7,002,144	14,160,851	11,232,388	3,105,740	1,125,279	36,626,402	15,052,840
Restricted Cash - Bond Payments	1,764,431	445,929	826,055	-	-	3,036,415	-
Restricted Cash - Customer Deposits	28,301	83,272	3,422	-	70,920	185,915	-
Restricted Cash - Other	2,515,648	516,973	2,130,399	-	-	5,163,020	-
Total Cash	\$ 11,310,524	\$ 15,207,025	\$ 14,192,264	\$ 3,105,740	\$ 1,196,199	\$ 45,011,752	\$ 15,052,840

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

City of Auburn, Washington  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended December 31, 2015

Page 2 of 2

	Water	Sanitary Sewer	Storm Drainage	Solid Waste	Non Major Enterprise Funds	Total	Government Activities Internal Service Funds
<b>RECONCILIATION OF NET OPERATING INCOME TO NEW CASH PROVIDED BY OPERATING ACTIVITIES</b>							
Operating Income (Loss)	\$ 1,141,669	\$ 395,641	\$ 1,369,807	\$ 862,974	\$ 292,794	\$ 4,062,885	\$ 1,470,756
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>							
Depreciation	2,934,694	2,120,150	1,663,208	18,819	518,827	7,255,698	1,551,966
Asset (Increases) Decreases:							
Accounts Receivable	95,142	(47,116)	12,830	(15,376)	-	45,480	13,418
Miscellaneous A/R Revenue	-	(1,451)	-	-	151	(1,300)	-
Inventory	836	(1,208)	(368)	-	2,342	1,602	(17,096)
Liability Increases (Decreases):							
Accounts & Vouchers Payable	298,520	(16,459)	(242,177)	170	(467,268)	(427,214)	(83,053)
Deposits Payable	16,342	-	-	-	18,492	34,834	-
Wages & Benefits Payable	(23,931)	(24,982)	(17,322)	6,789	(1,493)	(60,939)	(46,274)
Compensated Absences Payable	16,442	20,449	10,625	1,436	2,525	51,477	7,579
A/P Related to Capital Asset Acquisition	128,731	-	(269,243)	-	-	(140,512)	-
Total Adjustments	3,466,776	2,049,383	1,157,553	11,838	73,576	6,759,126	1,426,540
Net Cash Provided (Used) by Operating Activities	<u>\$ 4,608,445</u>	<u>\$ 2,445,024</u>	<u>\$ 2,527,360</u>	<u>\$ 874,812</u>	<u>\$ 366,370</u>	<u>\$ 10,822,011</u>	<u>\$ 2,897,296</u>
<b>SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>							
Capital Assets Acquired by Contributed Capital	1,431,925	1,134,914	1,843,345	-	-	4,410,184	-
Total Non Cash Investing, Capital and Financing Activities	<u>\$ 1,431,925</u>	<u>\$ 1,134,914</u>	<u>\$ 1,843,345</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,410,184</u>	<u>\$ -</u>

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



## FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the City of Auburn as a trustee or agent for various individuals, private organizations, and other governmental units. The Fire Relief and Pension Fund is accounted for on an accrual basis. The agency fund is custodial in nature; therefore, no annual budget is adopted.

### TRUST FUNDS

#### **The Fire Relief and Pension Fund**

This fund accounts for the payment of administrative costs and benefits for retired firefighters (and beneficiaries) who were employed prior to March 1, 1970. Primary revenue sources are general property tax allocations, fire insurance premium tax, and investment interest, in accordance with actuarial recommendations.

### AGENCY FUNDS

#### **The Agency Fund**

This fund accounts for the funds over which the City is strictly a short-term custodian.

City of Auburn, Washington  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
 December 31, 2015

	Fire Relief Pension Trust Fund	Agency Fund
<b>ASSETS:</b>		
Cash and Cash Equivalents	\$ 2,447,214	\$ 410,406
Investments	71,695	-
Receivables:		
Customer Accounts	-	31,479
Interest	655	-
Total Assets	2,519,564	441,885
<b>LIABILITIES:</b>		
Current Payables	7,007	372,230
Due to Other Governmental Units	-	69,655
Total Liabilities	7,007	441,885
<b>NET POSITION</b>		
Held in Trust for Pension Benefits and Other Purposes	\$ 2,512,557	\$ -

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

City of Auburn, Washington  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
For the Year Ended December 31, 2015

	Fire Relief Pension Trust fund
<hr/>	
<b>ADDITIONS:</b>	
Contributions:	
Fire Insurance Premiums	\$ 75,702
Investment Earnings	5,065
Total Additions	<u>80,767</u>
 <b>DEDUCTIONS:</b>	
Benefit Payments	157,936
Professional Services	6,660
Administrative Expenses	13,076
Total Deductions	<u>177,672</u>
 Change in Net Position	 <u>(96,905)</u>
 Net Position - Beginning	 <u>2,609,462</u>
Net Position - Ending	<u><u>\$ 2,512,557</u></u>

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



## City of Auburn

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2015

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Auburn, King County, Washington, was incorporated in 1891. It operates under the laws of the State of Washington applicable to a Non-Charter Code City under a Mayor/Council form of government. A full-time mayor and seven part-time council members administer Auburn, all elected at-large to four-year terms. The City provides a range of municipal services authorized by state law, including water services, sanitary sewer collection, solid waste collection, storm drainage, a general aviation airport, a municipal cemetery and a municipal golf course.

The accounting and reporting policies of the City of Auburn, which conform to Generally Accepted Accounting Principles (GAAP) for governments, are regulated by the Washington State Auditor's Office.

The 2015 financial statements have been presented in accordance with the following new Governmental Accounting Standards Board (GASB) Statements:

- a. GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27*. The statement replaces the requirements of Statement No. 27 and Statement No. 50 related to the pension plans that are administered through trusts or equivalent arrangements.

The City's significant accounting policies are described in the following notes.

### A. Reporting Entity

In accordance with the criteria set forth in Statement No. 14 of the Governmental Accounting Standards Board (GASB) the City's Comprehensive Annual Financial Report (CAFR) includes all funds controlled by the City.

*Joint Ventures* - Based on the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14 as modified by GASB Statements No. 34 and 61, the Valley Communications Center and South Correctional Entity Facility (SCORE) are included in the accompanying government-wide statement of net position as a joint venture. (Please refer to Notes 9 and 15).

*Jointly Governed Organizations* - The cities of Auburn, Algona and Pacific formed the Valley Regional Fire Authority (VRFA) effective January 1, 2007. The VRFA is a separate municipal corporation of the State of Washington, organized as a regional fire protection service authority under RCW 52.26. The VRFA is not financially accountable to the member cities, none of the participating cities has an ongoing financial interest in the VRFA, and the VRFA is not financially dependent upon any member city. The VRFA imposes its own property tax levy and fire benefit charge. As such, the VRFA is not included in the City of Auburn's financial reporting entity.

The government-wide financial statements consist of the government-wide statement of net position and the government-wide statement of activities.

## B. Basic Financial Statements

The City's basic financial statements consist of government-wide financial statements and fund financial statements. The government-wide financial statements, which include the statement of net position and the statement of activities, summarize the entire operation of the City. The governmental fund financial statements, which include the balance sheet, statement of revenues, expenditures and changes in fund balance, and statements of revenues, expenditures and changes in fund balance budget and actual, provide a more detailed level of reporting. The proprietary fund financial statements, which include statement of net position, statement of revenues, expenses, and changes in net position and statement of cash flows, provide a more detailed level of reporting.

The government-wide financial statements report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been eliminated from these statements. Because governmental activities are normally supported by taxes and intergovernmental revenue, while business-type activities are generally supported through user fees and charges, governmental activities are reported separately from business-type activities on all government-wide financial statements.

The Statement of Net Position reports the assets, deferred outflows of resources, and liabilities of the primary government. The net position section of this statement represents the residual amount of assets and their associated liabilities, and deferred outflow of resources. The net position section is divided into three categories. The first category is *Net Investment in Capital Assets*, which includes all capital assets, net of accumulated depreciation, less any debt outstanding associated with the assets. Capital assets cannot readily be sold and converted into cash. The second category is *Restricted Net Position*, which includes those assets, net of their related debt that have a constraint placed on their use. The constraints are either: 1) externally imposed by creditors, such as through debt covenants, grantors, contributors, or laws and regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. The final section is *Unrestricted Net Position*, and this represents net position that generally can be used for any purpose. However, they are not necessarily in a spendable form, such as cash.

The statement of activities demonstrates the degree to which the direct expenses of various functions and activities of the City are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. The City's policy is to allocate indirect costs to a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a function or activity, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items that are not properly included among function or activity revenues are instead reported as general revenues.

Separate financial statements are included for government funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements.

## C. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/equity, revenue, and expenditures or expenses, as appropriate. The City resources are allocated to, and accounted for in, individual funds according to the purpose for which they are spent and how they are controlled.

The *basis of accounting* refers to the timing of when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and pension trust fund financial statements. Governmental fund

financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

The *modified accrual basis* of accounting is followed in all governmental and permanent funds of the City. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. Revenues are generally considered available if they are collected within the current period or soon enough thereafter (30 days) to pay current liabilities. For derived tax revenues, such as sales tax and utility business and occupation taxes, revenues are recognized in the period when the underlying exchange has occurred. For imposed non-exchange taxes, such as property taxes, revenues are recognized when the use of resources is permitted, or when resources are available. Grant revenue is recognized in the period in which the expenditure occurs and the eligibility requirements have been met. Non-exchange transactions, such as contributions, are recognized when the donation eligibility requirements have been satisfied. Those specific major revenue sources accrued are:

*Property Taxes* – King County and Pierce County collect property taxes and remit to the City daily or monthly. December collections by each County, remitted in January, are recognized as revenues in current year even though received in the subsequent year since they are considered to be measurable and available. Property taxes remaining uncollected at year-end are reported as “unearned revenue”, since they are not considered to be available.

*Sales Tax Revenues* – The State of Washington collects all sales taxes. Auburn’s portion is remitted to the City by the State monthly. The sales tax received in January is recognized as revenue in current year even though received in the subsequent year because of when the underlying transaction occurred and the resources are considered to be measurable and available.

*Grant Revenues* – On cost reimbursement grants, grant revenue is recognized when the eligible expenditure is incurred.

Under the modified accrual basis, expenditures are recorded when the fund liability is incurred, except for the unmatured interest and principal on general long-term debt, which is recognized when due, and for compensated absences which are recorded as expenditures when liquidated from expendable available fund resources. Purchases of capital assets from governmental funds are reported as expenditures during the year incurred and the asset is capitalized and reported on the government-wide statement of net position. Long-term liabilities, including compensated absences not currently due and payable, are also reported on the government-wide statement of net position.

The *accrual basis* of accounting is followed in all proprietary, agency, and pension trust funds. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when incurred.

The three broad fund categories and nine fund types presented in this report are described below:

### 1. Governmental Fund Types

All governmental funds are accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities and deferred inflow of resources generally are included on their balance sheets. Their reported fund balance is considered a measure of “available spendable resources”. Governmental fund operating statements focus on measuring cash flows rather than net income; they present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

- a. General fund – This fund is used to account for all financial resources and transactions of the City not accounted for in another fund, as required. The general fund is always considered a major fund.
- b. Special Revenue funds – These funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. One

special revenue fund is considered major: the arterial street fund. This fund is supported by the State of Washington's motor vehicle fuel tax and by various grants and is used for major street construction.

- c. Debt Service funds – These funds account for the accumulation of resources for, and the payment of, general long-term and special assessment debt principal, interest, and related costs. These funds also include the local improvement districts (LID) guarantee fund which provides financial security for outstanding LID bonds. No debt service funds are considered major funds and are reported within the “Other Governmental Funds”.
- d. Capital Projects funds – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds. One capital project fund is considered major: the capital improvement projects fund. This fund accounts for major capital acquisitions, and street and parks construction projects.
- e. Permanent funds – These funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes of supporting a specific City program. The city has one permanent fund, Cemetery Endowment.

## 2. Proprietary Fund Types

Financial statements for proprietary funds use the economic resources measurement focus and the accrual basis of accounting. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their Statement of Net Position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when incurred. The economic resources measurement focus is applied in the determination of financial position, net income, and cash flow.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's utility funds, other enterprise funds, and internal service funds are charges to customers for sales and services, vehicle and computer replacement, and insurance. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, taxes, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses, or as capital contributions. Substantially all proprietary fund operating revenues are used as security for revenue bonds.

*GASB Statement No. 62 Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, provides a codification of private-sector standards of accounting and financial reporting issued prior to December 1, 1989, to be followed in the financial statements of proprietary fund types. The City has adopted provisions of GASB Statement No. 62.

- a. Enterprise funds – These funds are used to account for services to the general public where all or most of the costs, including depreciation, are to be financed or recovered from users of such services. Four enterprise funds are considered major funds. Utilities provided to residents are accounted for in the water fund, sanitary sewer fund, storm drainage fund, and the solid waste fund.
- b. Internal Service funds – These funds are used to account for the financing of goods and services provided to other funds, departments, or governments on a cost reimbursement basis. The City uses internal service funds to account for its fleet of vehicles, its maintenance and operation of facilities, the City-wide provision of computer hardware and software services, the cost of employees affected by an occupational injury or illness, and its insurance premiums.

### 3. Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include a Fire Relief and Pension Trust Fund and an Agency Fund. Each fiduciary fund is classified for accounting measurement purposes as either a governmental fund or a proprietary fund.

- a. Fire Relief and Pension Fund - This fund is accounted for on the accrual basis in essentially the same manner as proprietary funds since capital management is critical. Based on actuarial recommendations, there are no employee contributions or employer contributions to the Fire Relief and Pension Plan. Pension benefits are recognized when due; plan administration costs are also recognized when incurred in this fund.
- b. Agency Fund – This fund is custodial in nature on behalf of another individual, entity, or government and does not involve a measurement of results of operations.

### D. Budget and Budgetary Accounting

The City of Auburn budgets in accordance with the Revised Code of Washington (RCW) 35A.33 for the general and special revenue funds. For governmental funds, there are no substantial differences between the budgetary basis and generally accepted accounting principles. Budgetary accounts are integrated in fund ledgers for all budgeted funds, but the financial statements include budgetary comparisons for the biennial budgeted governmental funds only. Budgets established for proprietary and trust funds are “management budgets”, and are not legally required to be reported and, as such, are not reported in the CAFR.

The biennial budget is proposed by the Mayor and adopted by the City Council with legal budgetary control at the fund level; i.e., expenditures and other financing sources may not exceed budgeted appropriations at the fund level. The Mayor may authorize transfers within funds; however, the City Council must approve by ordinance any amendments that increase the total for the fund. Any unexpended appropriation balances lapse at the end of the fiscal year.

The City prepares the biennial budget on the modified accrual basis, which conforms to Generally Accepted Accounting Principles (GAAP). The CAFR includes budgetary comparisons for those governmental funds with legally adopted budgets. Budget amounts include the adopted current year budget appropriations and any revisions made during the year.

State law establishes the budget process and the time limits under which a budget must be developed. The City follows the procedures outlined below to establish its biennial budget:

- a. Sixty days prior to each odd numbered fiscal year, the Mayor submits to the City Council a preliminary budget for the biennium commencing the following January 1<sup>st</sup>. The operating budget includes proposed expenditures and funding sources.
- b. Public hearings are conducted at the Auburn City Council Meetings to obtain taxpayer comments.
- c. Prior to December 31<sup>st</sup>, the budget is legally enacted through passage of an ordinance.
- d. The final operating budget as adopted is published and distributed after adoption. Copies of the budget are made available to the public.

**ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS**

	Original Budget	Revisions	Final Budget
<b>Governmental Funds</b>			
General Fund	\$ 62,813,261	\$ 2,248,364	\$ 65,061,625
Total Governmental Funds	<u>62,813,261</u>	<u>2,248,364</u>	<u>65,061,625</u>
<b>Special Revenue Funds:</b>			
Local Street	\$ 2,600,000	\$ 770,053	\$ 3,370,053
Arterial Street	14,354,730	6,731,789	21,086,519
Hotel/Motel Tax	86,000	20,000	106,000
Arterial Street Preservation	2,109,999	3,660,756	5,770,755
Drug Forfeiture Fund	304,448	-	304,448
Housing and Community Development	440,000	-	440,000
Recreation Trails	-	-	-
Business Improvement Area	55,000	-	55,000
Cumulative Reserve	658,000	-	658,000
Mitigation Fees	3,586,423	371,733	3,958,156
Total Special Revenue Funds	<u>24,194,600</u>	<u>11,554,331</u>	<u>35,748,931</u>
<b>Total Budgeted Funds</b>	<u>\$ 87,007,861</u>	<u>\$ 13,802,695</u>	<u>\$ 100,810,556</u>

**E. Assets, Liabilities, and Fund Balance**

**1. Deposits and Investments**

It is the City’s policy to invest all temporary cash surplus. At December 31, 2015, the Washington State Local Government Investment Pool (LGIP) was holding \$102,163,513 in short-term investments. This amount is classified on the Statement of Net Position as cash and cash equivalents. The interest on these investments is prorated to the various funds based upon ownership of investments. For purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on deposit with financial institutions in both demand and time deposit accounts, and amounts invested in the Local Government Investment Pool, administered by the State Treasurer’s Office because it is operated in a manner consistent with a Securities and Exchange Commission’s Rule 2a-7 of the Investment Company Act of 1940. The State Finance Committee is the administrator of the statute that created the pool and adopts appropriate rules. The State Treasurer’s Office is responsible for establishing the investment policy for the pool and reviews it annually. Any proposed changes are reviewed by the LGIP Advisory Committee. The terms of the policy are designed to ensure the safety and liquidity of the funds deposited in the LGIP.

The City, by state law, is authorized to purchase certificates of deposit issued by Washington State depositories that participate in Washington Public Deposit Protection Commission (WPDPC), U.S. Treasury and Agency securities, banker’s acceptances, and repurchase agreements. The City purchases repurchase agreements only from institutions that use authorized securities for collateral. The City of Auburn also has signed a “master repurchase agreement” with its primary bank, Key Bank.

For purposes of the statement of cash flows, all proprietary fund types and similar trust funds consider all highly liquid investments (including restricted assets) with maturity of three months or less when purchased to be cash equivalents.

Investments are recorded at fair value. Adjustments are made to cost for investments amortized over the period to maturity in accordance with GASB Statement No. 31. The investment in the state investment pool is valued at the pool's share price.

## **2. Receivables**

Taxes receivable consist of property taxes (see Note 4). Accrued interest receivable consists of amounts earned on notes and contracts at the end of the year.

Customer accounts receivable consist of amounts owed by private individuals or organizations for goods and services provided. Uncollectible amounts are considered immaterial and the direct write-off method is used.

Special assessments are levied against certain property owners and become liens against the property benefited by the improvement. Special assessments receivable consist of current assessments, which are due within one year, delinquent assessments remaining unpaid after the due date, and unearned, uncollected assessments, which have been levied, but are not due within one year.

Other receivables include utility taxes due from private organizations and customer accounts receivable, which consist of amounts owed from private individuals or organizations for goods and services, including amounts owed for which billings have not been prepared. Notes and contracts receivable consist of amounts owed on open accounts from private individuals or organizations for goods and services rendered.

## **3. Interfund Receivables and Payables**

These accounts include all interfund receivables and payables. A separate schedule of interfund activity is furnished in Note 5.

## **4. Amounts Due From Other Governmental Units**

This account includes amounts due from other governments for grants, entitlements and charges for services. A schedule by fund of amounts due from other governmental units is presented in Note 6.

## **5. Inventories and Prepaid Expenses**

Government fund types recognize the cost of inventory items and prepaid expenses (expenses that benefit future periods) as expenditures in the year of purchase. In governmental funds, materials and supplies remaining at year-end are immaterial and not included in inventory. In enterprise and internal service funds, inventories are valued at cost using the weighted average costing method.

## **6. Restricted Assets**

In accordance with the utility bond ordinances, state law, or other agreements, separate restricted assets have been established. These assets are restricted for specific purposes including the establishment of bond reserve funds, utility rate stabilization funds, financing the ongoing capital improvement programs of the various utilities, customer deposits, nonexpendable permanent cemetery endowment and other purposes.

## **7. Interfund Transactions**

During the course of normal operations, the City has numerous transactions between City funds. Interfund services provided and used, such as buying goods and services, are recorded as revenues in the internal services funds and expenditures in the paying fund. Transfers between funds are included as "other financing sources or uses" in governmental fund types and as other items in proprietary fund types.

## 8. Capital Assets

Capital assets are recorded at historical cost when known or at estimated historical cost when actual costs are not known. Infrastructure, such as roads, bridges and water mains, is reported in the applicable government or business-type activities columns in the government-wide statement of net position. All infrastructure costs have been calculated and are reported. Government-donated capital assets are stated at their market value on the date donated.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. For proprietary funds, interest costs incurred to bring certain assets to the condition and location necessary for their intended use are capitalized as part of the historical cost of acquiring the assets. Additionally, in situations involving the acquisition of certain assets financed with the proceeds of tax-exempt borrowing, any interest earned on related interest-bearing investment from such proceeds are offset against the related interest costs in determining either capitalization rates or limitations on the amount of interest costs to be capitalized.

Capital assets of enterprise and internal service funds are recorded at cost. The capital assets of the airport are carried at cost and include those acquired with capital contributed by the Federal Government.

Capital assets of all funds are depreciated, and are calculated on the straight-line method using estimated lives as follows:

Asset	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Building	\$5,000	Straight-line	20 - 50 years
Other Improvements	\$5,000	Straight-line	10 - 50 years
Equipment/Machinery	\$5,000	Straight-line	2 - 20 years
Infrastructure	\$5,000	Straight-line	25 - 50 years
Utility Plant	\$5,000	Straight-Line	25 - 50 years

At the inception of capital leases at the government fund reporting level, the net present value of future minimum lease payments allocable to the capital asset is reflected as expenditures and an "other financing source" of an equal amount.

## 9. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## 10. Deferred Outflows/Inflows of Resources

Deferred outflow of resources is the consumption of net position by the government that is applicable to a future reporting period. The deferred amount on special assessments consist of special assessments not due within one year is reported as deferred outflows of resources in the governmental funds. Deferred inflow of resources is acquisition of net position by the government that is applicable to a future reporting period. The difference between the carrying amount of redeemed and/or defeased debt and its reacquisition price is the deferred amount on refunding and is amortized over the remaining life of the debt, or the life of the new debt, whichever is shorter. Deferred outflows and deferred inflows of resources related to pensions are reported for differences between expected and actual experience, changes of assumptions, and differences between projected and actual returns on pension plan investments.

## 11. Compensated Absences

City employees accrue vacation leave at a variable rate based on years of service. In general, employees are allowed to accumulate vacation leave up to what would be earned in two years.

Unaffiliated employees accrue sick leave at the rate of eight hours per month up to 960 hours. Sick leave accumulations over 960 hours at year-end are paid at 25%. Sick leave is not paid upon termination except in some instances upon separation in good standing, where employees hired before 12/31/1984 can be reimbursed at their current rate for unused sick leave up to a maximum of 960 hours, at a rate based on years of service. The City's union contracts have varied sick leave accruals and payout options.

In general, non-exempt employees can accrue up to 80 hours of compensatory time. The City reports compensated absences as liabilities in the government-wide statement of net position and in proprietary funds. Vacation, compensatory time, and sick leave are calculated separately for each employee using the rules described above. The reporting format is in compliance with GASB statement No. 16.

Governmental funds recognize expenditures for vacation, sick, and compensatory time when paid. Proprietary and pension trust funds recognize the expense and accrue a liability for vacation and sick leave pay as the leave is earned. All compensated absence liabilities include salary-related payments, where applicable.

## 12. Unearned Revenues

This account reflects the amounts of taxes and other long-term receivables for which the revenue recognition criteria have not been met. It also reflects prepayments on accounts and grants received in advance.

## 13. Fund Balance Components – Proprietary Funds

In proprietary funds, net position is generally restricted in connection with restricted assets or for legal segregation. These restrictions are identified on the statement of net position of each fund type.

The City holds and administers a Utility System Rate Stabilization Fund. The City may, by ordinance, withdraw from the Rate Stabilization Fund for inclusion in the net revenue of the Utility System at any time for any current fiscal year of the Utility System, except that the total amount withdrawn from the Rate Stabilization Fund in any fiscal year may not exceed the total debt service of the Utility System in that year.

## 14. Fund Balance Components – Governmental Funds

Fund balance is presented in the governmental fund financial statements and represents the difference between assets and liabilities reported within the governmental fund.

Beginning with the most restrictive constraints, fund balance amounts are reported in the following categories:

- a. Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (investments, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed or assigned) and activity that is legally or contractually required to remain intact.
- b. Restricted fund balance is externally (outside the City) enforceable limitations imposed by creditors, grantors, contributors, laws and regulations of other governments, or laws through constitutional provisions or enabling legislation.
- c. Committed fund balance is self-imposed limitations imposed at the highest level of decision making authority, namely, Mayor and City Council. Mayor and City Council approval by ordinance is required to commit, modify or rescind resources.

- d. Assigned fund balance includes amounts that are constrained by the City’s intent to be used for a specific purpose, but are neither restricted nor committed. It is the City’s policy that the Finance Director shall have the authority to assign amounts of fund balance to a specific purpose; however, before expenditure, amounts must be appropriated by the City Council which is often adopted by City Council in the biennial budget ordinance. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not restricted or committed.
- e. Unassigned fund balance is the residual amount of the General Fund not included in the four categories described above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

When expenditure is incurred for purposes for which both restricted and unrestricted resources are available, it is the City’s policy to use restricted resources first. When expenditures are incurred for purposes, for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the City’s policy to spend committed resources first, then assigned and unassigned, in that order.

The following shows the composition of the fund balance of the governmental funds for the fiscal year ended December 31, 2015:

Governmental Fund Balances  
December 31, 2015

	Major			Other Governmental Funds	Total Governmental Funds
	General Fund	Arterial Street Fund	Capital Improvement Fund		
<b>Nonspendable</b>					
Prepays	\$ 127	\$ -	\$ -	\$ -	\$ 127
Cemetery Endowment	-	-	-	1,585,707	1,585,707
Total Nonspendable	<u>127</u>	<u>-</u>	<u>-</u>	<u>1,585,707</u>	<u>1,585,834</u>
<b>Restricted</b>					
Major Street Construction	-	2,405,821	-	-	2,405,821
REET 1 Allowable Projects	-	-	3,842,606	-	3,842,606
REET 2 Allowable Projects	-	-	4,326,374	-	4,326,374
Arterial Street Preservation Fund	-	-	-	76,680	76,680
Parks and Trails Construction Projects	-	-	-	663,940	663,940
City Tourism Promotion	-	-	-	201,293	201,293
Drug Investigation and Enforcement	-	-	-	443,161	443,161
Community Development Block Grant Program	-	-	-	44,904	44,904
Recreational Trail Development	-	-	-	42,466	42,466
Downtown Business Area Improvements	-	-	-	48,395	48,395
Street and Fire Service Mitigation Fees	-	-	-	5,776,255	5,776,255
Debt Service	-	-	-	13,278	13,278
Total Restricted	<u>-</u>	<u>2,405,821</u>	<u>8,168,980</u>	<u>7,310,372</u>	<u>17,885,173</u>
<b>Committed</b>					
Local Street Improvements (Save our Streets)	-	-	-	1,927,047	1,927,047
Arterial Street Preservation	-	-	-	1,731,672	1,731,672
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,658,719</u>	<u>3,658,719</u>
<b>Assigned</b>					
Appropriations Over Estimated Revenue	7,284,159	-	-	-	7,284,159
Arterial Street Preservation Fund	-	-	3,822,002	135,512	3,957,514
Drug Investigation and Enforcement	-	-	-	663	663
Recreation Trail Development	-	-	-	63	63
Downtown Business Area Improvements	-	-	-	60	60
Local Street Improvements	-	-	-	153,643	153,643
School Administration Fees	-	-	-	78,115	78,115
Cemetery Capital Enhancement and Maintenance	-	-	-	100,573	100,573
Downtown Infrastructure Improvements	-	-	-	464,551	464,551
Total Assigned	<u>7,284,159</u>	<u>-</u>	<u>3,822,002</u>	<u>933,180</u>	<u>12,039,341</u>
<b>Unassigned</b>					
Unassigned	<u>20,267,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,267,776</u>
Total Unassigned	<u>20,267,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,267,776</u>
<b>Total Fund Balances</b>	<u>\$ 27,552,062</u>	<u>\$ 2,405,821</u>	<u>\$ 11,990,982</u>	<u>\$ 13,487,978</u>	<u>\$ 55,436,843</u>

## F. Revenues, Expenditures and Expenses

Under the modified accrual basis of accounting:

- Charges for services, interest on investments, and rents generally are considered measurable and available when earned in governmental funds.
- Taxes and federal or state entitlements or shared revenues that have been collected but not remitted by an intermediary collection agency to the City are considered measurable and available.
- Special assessments are considered measurable and available when they become due.
- Grants are considered measurable and available to the extent that expenditures have been made. Other intergovernmental revenues are considered measurable and available when earned.
- Interfund revenues for goods and services are considered measurable and available when earned.
- Proceeds from sale of capital assets are recognized as other financing sources.
- Revenues from taxpayer-assessed taxes (i.e., sales tax), net of estimated refunds, are recognized when measurable and available to finance expenditures of the current period.
- All other revenues are either not measurable or considered not available until collected.
- Expenditures are generally recognized when incurred, except for principal and interest on general long-term debt, which are reported as expenditures when paid, and compensated absences, which are reported as expenditures when liquidated from expendable available financial resources.

Under the accrual basis of accounting:

- Revenues are recognized when earned and expenses are recognized when incurred.
- Contributions of capital in proprietary fund financial statements arise from internal and external contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction.

Transfers between government and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated, as are transfers between funds reported in the business-type activities column.

## G. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions, and there have been no expenditures exceeding legal appropriations in any of the funds of the City of Auburn.

### NOTE 3 – DEPOSITS AND INVESTMENTS

At December 31, 2015, the carrying amount of the City's cash demand deposits with Key Bank totaled \$12,051,664 while the bank balance was \$12,615,734. In addition, there was \$17,300 in petty cash (\$10,000 in the Drug Forfeiture Fund to be used for enforcements purposes, \$7,300 in various petty cash and cashier change funds).

**Custodial Credit Risk.** Custodial credit risk is the risk associated with the failure of a depository financial institution. In the event of a depository financial institution’s failure, it is the risk that the City would not be able to recover its deposits or collateralized securities that are in the possession of the outside parties.

The City minimizes custodial credit risk by following the restrictions set forth in state law.

The Federal Deposit Insurance Corporation (FDIC) insures the City’s deposits up to \$250,000. The Washington Public Deposit Protection Commission (WPDPC) (established under Chapter 39.58 of the Revised Code of Washington) constitutes a multiple financial institution collateral pool. Pledged securities under the WPDPC collateral pool are held by the WPDPC’s agent in the name of the collateral pool.

As required by State law, all investments of the City’s funds are obligations of the U.S. Government, or deposits with Washington State banks that participate in the WPDPC. Pension and permanent funds are not subject to these limitations. All temporary investments are stated at cost. Other investments are shown on the statement of net position at fair value. Investments that were not at par value (cost) as of December 31, 2015 are reported at fair value. The fair value of the position in the state investment pool is the same as the value of shares held by the City in the pool at amortized cost because it is operated in a manner consistent with the Securities and Exchange Commission’s Rule 2a-7 of the Investment Company Act of 1940.

During 2015, the net decrease in the fair value of investments being held for more than one year is \$5,297 at year-end.

As of December 31, 2015, the City had the following investments and maturities:

Schedule of Investments by Maturities  
As of December 31, 2015

Investment Type	Fair Value	Investment maturities	
		Less than 1 year	1 to 2 years
State investment pool	\$ 102,163,513	\$ 102,163,513	\$ -
US Treasuries	71,695	71,695	-
US Agencies	237,310	-	237,310
	<u>\$ 102,472,518</u>	<u>\$ 102,235,208</u>	<u>\$ 237,310</u>
Reconciliation to government-wide statement of net position:			
Total investments above	\$ 102,472,518		
Plus: cash in checking	12,051,664		
Plus: petty cash	17,300		
Less: cash investments in fiduciary funds	<u>(2,929,315)</u>		
Total cash and investments, government-wide statement of net position	<u>\$ 111,612,167</u>		

Reconciliation of Cash and Investments  
Government-Wide Statement of Net Position  
As of December 31, 2015

	Governmental Activities	Business-Type Activities	Total
Cash and Cash Equivalents	\$ 52,457,139	\$ 36,626,402	\$ 89,083,541
Investments	237,310	-	237,310
Temporarily Restricted:			
Cash and Cash Equivalents	12,320,259	8,385,350	20,705,609
Permanently Restricted:			
Cash and Cash Equivalents	1,585,707	-	1,585,707
	<u>\$ 66,600,415</u>	<u>\$ 45,011,752</u>	<u>\$ 111,612,167</u>

*Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the maximum maturity of an investment to not greater than three years, unless an investment is matched to an anticipated future cash flow. The segmented time distribution presented in the schedule of investments by maturity above indicates how the City has managed its interest rate risk.

*Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law and the City's investment policy limits the instruments in which the City may invest. These include:

1. United States bonds
2. United States certificates of indebtedness
3. Bonds or warrants of the State of Washington
4. General obligation or utility revenue bonds or warrants of its own or of any other city or town in the State
5. Its own bonds or warrants of a local improvement district which are within the protection of the local improvement guaranty fund
6. Savings or time accounts in designated public depositories
7. Certificates, notes or bonds of United States agencies, or corporations wholly owned by the United States.
8. Repurchase agreements
9. Banker's acceptances
10. Federal Home Loan Bank notes and bonds, Federal Land Bank bonds, Federal National Mortgage Association notes, debentures and guaranteed certificates of participation, or obligations of any other government sponsored corporation whose obligations are or may be eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve System or any portion thereof in investment deposits as defined in RCW 39.8.010 secured by collateral in accordance with RCW 39.58
11. Interim financing warrants of local improvement districts
12. State Local Government Investment Pool

As of December 31, 2015, the City had investments in a limited number of investment instruments as follows:

- U.S. Treasuries
- State Local Government Investment Pool
- Lakehaven Utility District (WA) Bonds

With the exception of the State Local Government Investment Pool which is not rated and Lakehaven Utility District (WA) Bonds which has a Moody's rating of Aa2, all other investments above carried a rating of Aaa by Moody's rating service at December 31, 2015.

*Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The City diversifies its investments by security type and institution. The investment policy states: "With the exception of US Treasury securities and the State Investment Pool, no more than 20% of the City's total investment portfolio will be invested in a single security type or with a single financial institution".

*Other information*

Effective 2002, the City has established arrangements with Bank of New York for safekeeping of all investments.

The following is a schedule of investments by fund type:

**Schedule of Investments by Fund Category and Investment Type**  
As of December 31, 2015

	State Investment Pool	U.S. Securities	Total
General Fund	\$ -	\$ 237,310	\$ 237,310
Fiduciary Funds	-	71,695	71,695
Treasurer's Residual Funds	102,163,513	-	102,163,513
Total	<u>102,163,513</u>	<u>\$ 309,005</u>	<u>\$ 102,472,518</u>

**NOTE 4 – PROPERTY TAXES**

Property taxes received during tax year 2015 were \$17,337,108 including collection of prior year delinquent assessments. Property taxes assessed for collection in tax year 2015 were based on a regular tax levy of \$2.17 per \$1,000 on a total 2014 assessed value of \$8,238,289,417.

For levy year 2015, to be received in 2016, the City’s regular tax levy is \$2.08 per \$1,000 on a 2015 assessed valuation of \$8,826,618,865, as of December 31, 2015, for a total regular levy of \$18,017,836. State law provides that debt cannot be incurred in excess of the following percentages of the taxable property of the City.

- 1.50% of assessed value without a vote of the people
- 2.50% of assessed value with a vote of the people

The City has additional authority to incur the following debt as a percentage of total valuation.

- 2.50% of assessed value with a vote of the people, indebtedness is for utilities
- 2.50% of assessed value with a vote of the people, indebtedness is for parks, or open space development

At December 31, 2015, the debt limits for the City were as follows:

Item	Without a Vote 1.50%	With a Vote			Total Capacity
		General Purposes 1.00%	For Utilities 2.50%	For Parks or Open Space Development 2.50%	
Legal Limit	\$ 132,399,283	\$ 88,266,189	\$ 220,665,472	\$ 220,665,472	\$ 661,996,416
Outstanding indebtedness	(59,408,629)	-	-	-	(59,408,629)
Margin available	<u>\$ 72,990,654</u>	<u>\$ 88,266,189</u>	<u>\$ 220,665,472</u>	<u>\$ 220,665,472</u>	<u>\$ 602,587,787</u>

The County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Taxes are levied annually on January 1 on property values listed as of the prior August 31. The County assesses property at 100% of fair value. A revaluation of all property is required at least once every four years and a physical inspection is required at least once every six years.

Property taxes levied by the County Assessor and collected by the County Treasurer become a lien on the first day of the levy year and may be paid in two installments if the total amount exceeds \$10. The first half of real property taxes is due on April 30 and the balance is due October 31. Delinquent taxes bear interest at the rate of 12% and are subject to additional penalties if not paid as scheduled.

At year-end, property taxes are recorded as a receivable with the portion not expected to be collected within 30 days after the current period are reported as other unavailable revenue in the deferred inflow of resources section of the governmental funds financial statements. During the year, property tax revenues are recognized when cash is received.

1. The Washington State Constitution limits the total regular property taxes to 1% of assessed valuation or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the 1% limit.
2. Washington State law in RCW 84.55.010 limits the annual growth of regular property taxes to the lesser of 1% or the rate of inflation. With a vote of the majority of the voters within a taxing district, the 1% levy limitation can be “lifted” and additional taxes may be levied
3. The City may voluntarily levy taxes below the legal limit.

Special levies approved by the voters are not subject to the above limitations.

Property taxes are recorded as receivable and offset by an unearned revenue account when levied. Since state law allows for the sale of property for failure to pay taxes, no estimate of uncollectible taxes is made.

**NOTE 5 – INTERFUND ACTIVITY**

Transfers are legally authorized transfers of resources from a fund receiving revenue to the fund through which resources are to be expended. The principal purposes for interfund transfers include interfund subsidies, transfers into capital project and debt service funds and transfers into internal service funds for interfund facility, information services and equipment rental services. Interfund transfers for the year ended December 31, 2015 were as follows:

Funds	Transfers	
	Transfer In	Transfer Out
<b>Governmental funds:</b>		
General	\$ 149,197	\$ 3,528,044
General - Cumulative Reserve	2,800,000	430,106
Total general fund	2,949,197	3,958,150
<b>Special revenue funds:</b>		
Arterial Streets	694,348	378
Local Streets	150,000	378
Arterial Street Preservation	600,000	32,786
Mitigation Fees	-	742,463
Total special revenue funds	1,444,348	776,005
<b>Debt service funds:</b>		
1998 Library GO	279,462	-
2010 A&B Annex	1,318,242	-
2010 C&D Local Revitalization	216,895	-
Golf Debt Service	412,204	-
LID Guarantee	449	23,443
LID 250	-	449
Total debt service funds	2,227,252	23,892
<b>Capital projects funds:</b>		
Municipal Park Construction	464,866	-
Capital Improvements	15,167	1,880,579
Total capital projects funds	480,033	1,880,579
<b>Proprietary funds:</b>		
Water	-	203,642
Sewer	-	190,371
Storm Drainage	526,059	198,781
Cemetery	30,000	-
Total proprietary funds	556,059	592,794
<b>Internal service funds:</b>		
Facilities	-	659,121
Innovation & Technology	102,807	-
Equipment Rental	398,112	237,267
Total internal service funds	500,919	896,388
<b>Permanent funds:</b>		
Cemetery Endowed Care	-	30,000
Total	\$ 8,157,808	\$ 8,157,808

All transfers are considered routine.

Loans between funds are classified as interfund receivable and payable. Interfund Loans do not affect total fund equity.

Interfund Loans		Balance			Balance
Due From	Due To	1/1/2015	New Loans	Repayments	12/31/2015
Airport Fund	Capital Improvement	\$ 200,000	\$ -	\$ 16,605	\$ 183,395
Parks Construction	General fund	\$ -	\$ 400,000	\$ -	\$ 400,000
Total interfund loans		<u>\$ 200,000</u>	<u>\$ 400,000</u>	<u>\$ 16,605</u>	<u>\$ 583,395</u>

All interfund loans are considered short-term cash loans.

\*The purpose of the interfund loan to The Airport Fund is to cover the cost of The Auburn Municipal T Hanger Enclosure Project.

\*The purpose of the interfund loan to the Municipal Parks Construction Fund (a Grant Sustained Fund), is to cover authorized expenditures while the city waits for reimbursement of federal, state, and local grant monies.

**NOTE 6 – DUE FROM OTHER GOVERNMENTAL UNITS**

As of December 31, 2015, the City had receivables due from other governmental units as follows:

<b>Due from Other Governmental Units</b>	
General Fund:	
Okanogan County -Disaster Response	10,044
King Conservation District -Farmer's Market	10,293
King County District Court	612,897
King County Public Health -Rampart Grant	3,953
King County -Real Estate Excise Taxes	447,125
King County Sheriff's - Registered Sex Offender Grant	7,928
Pierce County - Real Estate Excise Taxes	15,367
Muckleshoot Indian Tribe	152,315
Seattle Police Dept -US Department of Justice JAG Grant	36,964
US Department of Justice -COPS Hiring Program	72,917
WA Auto Theft Prevention Authority - Auto Theft Prevention Grant	46,421
WA State Department of Ecology -Area-wide Redevelopment Plan	22,409
WA State Military Department - EMPG Grant	16,663
WA State Treasurer - Sales Taxes	<u>1,346,251</u>
Total General Fund	2,801,547
Arterial Street Fund:	
WA State Transportation Improvement Board - Arterial Street Imp.	1,213,265
Muckleshoot Indian Tribe	158,855
WA Dept. of Transportation - Arterial street imp.	<u>786,851</u>
Total Arterial Street Fund	2,158,971
Arterial Street Preservation Fund:	
WA Dept. of Transportation - Arterial street imp.	17,615
Drug Forfeiture Fund:	
Pierce County Sheriff's Department -TNET	9,752
Housing & Community Development:	
U.S. Dept. of Housing - Community Development Block Grant	82,231
Municipal Park Construction:	
King Conservation District	20,000
King County Flood Control District	273,390
WA State Department of Commerce	1,276,277
WA State Recreation & Conservation Office	<u>73,146</u>
Total Municipal Park Construction Fund	1,642,813
General Government Capital Improvements:	
KC Flood Control District	83,728
Pierce County - Real Estate Excise Taxes	<u>18,872</u>
	102,600
Water Fund:	
Okanogan County -Disaster Response	1,495
Sewer Fund:	
Okanogan County -Disaster Response	1,451
Storm Fund:	
WA State Department of Ecology	71,979
City of Pacific	300
King Conservation District	20,000
King County Flood Control District	20,949
Lakehaven Utility District	44,196
Okanogan County -Disaster Response	<u>1,451</u>
Total Storm Drainage Fund	158,875
Solid Waste Fund:	
King County - Local hazardous waste management grant	20,302
King County - Waste reduction and recycling grant	<u>31,381</u>
Total Solid Waste fund	51,683
Airport Fund	
Federal Aviation Administration	41,215
WA Department of Transportation -Aviation Division	<u>2,290</u>
Total Airport fund	43,505
Information Services Fund:	
City of Pacific	3,614
VRFA	<u>2,024</u>
Total Information Services fund	5,638
Equipment Rental Fund:	
Okanogan County -Disaster Response	138
Total	<u>7,078,314</u>
<b>Reconciliation to government-wide statement of net assets:</b>	
Total above due from other governmental units	7,078,314
Amount due to fiduciary fund	-
Total due from other governmental units, government-wide statement of net assets	<u>7,078,314</u>

**NOTE 7 – CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended December 31, 2015 is as follows:

**Schedule of Capital Asset Activity**

	Balance 1/1/15	Increases	Decreases/ Adjustments	Balance 12/31/15
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 107,948,445	\$ 341,320	\$ -	\$ 108,289,765
Construction in progress	9,017,708	9,554,415	(8,982,981)	9,589,142
Total capital assets, not being depreciated	116,966,153	9,895,735	(8,982,981)	117,878,907
Capital assets, being depreciated:				
Buildings	64,959,775	386,877	-	65,346,652
Improvements other than buildings	21,990,489	169,049	-	22,159,538
Machinery and equipment	23,970,337	2,078,712	(570,764)	25,478,285
Intangibles	1,095,684	-	-	1,095,684
Infrastructure	331,854,616	25,431,153	-	357,285,769
Total capital assets being depreciated	443,870,901	28,065,791	(570,764)	471,365,928
Less: accumulated depreciation for:				
Buildings	(15,650,395)	(1,353,164)	-	(17,003,559)
Improvements other than buildings	(13,197,527)	(777,211)	-	(13,974,738)
Machinery and equipment	(17,024,263)	(1,647,447)	466,987	(18,204,723)
Intangibles	(594,028)	(154,563)	-	(748,591)
Infrastructure	(130,695,021)	(12,760,769)	-	(143,455,790)
Total accumulated depreciation	(177,161,234)	(16,693,154)	466,987	(193,387,401)
Total capital assets, being depreciated, net	266,709,667	11,372,637	(103,777)	277,978,527
Governmental activities capital assets, net	<u>\$ 383,675,820</u>	<u>\$ 21,268,372</u>	<u>\$ (9,086,758)</u>	<u>\$ 395,857,434</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 12,276,187	\$ 250,000	\$ -	\$ 12,526,187
Water Rights	5,196,600	-	-	5,196,600
Construction in progress	9,766,126	17,082,804	(9,982,039)	16,866,891
Total capital assets, not being depreciated	27,238,913	17,332,804	(9,982,039)	34,589,678
Capital assets, being depreciated:				
Buildings	5,741,934	-	-	5,741,934
Improvements other than buildings	274,592,668	14,459,816	-	289,052,484
Machinery and equipment	2,454,604	25,901	-	2,480,505
Total capital assets being depreciated	282,789,206	14,485,717	-	297,274,923
Less: accumulated depreciation for:				
Buildings	(3,694,929)	(126,432)	-	(3,821,361)
Improvements other than buildings	(93,451,201)	(7,099,896)	-	(100,551,097)
Machinery and equipment	(2,155,059)	(29,370)	-	(2,184,429)
Total accumulated depreciation	(99,301,189)	(7,255,698)	-	(106,556,887)
Total capital assets, being depreciated, net	183,488,017	7,230,019	-	190,718,036
Business-type activities capital assets, net	<u>\$ 210,726,930</u>	<u>\$ 24,562,823</u>	<u>\$ (9,982,039)</u>	<u>\$ 225,307,714</u>

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

Governmental activities:	
General government	\$ 1,023,689
Public safety	403,821
Transportation	12,408,899
Culture and recreation	1,304,780
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>1,551,965</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 16,693,154</u>
Business-type activities:	
Water	\$ 2,934,694
Sanitary sewer	2,120,150
Storm water	1,663,208
Solid waste	18,819
Airport	468,031
Cemetery	<u>50,796</u>
Total depreciation expense - business-type activities	<u>\$ 7,255,698</u>

The 2015 total interest cost incurred for business-type activities was \$1,428,387 of which \$1,037,940 was charged to expense and \$390,447 capitalized.

**NOTE 8 – CAPITAL LEASE OBLIGATION**

The City has the following capital leases:

On January 1, 2007 the City entered into a capital lease agreement for the Auburn Avenue Theater facility for a 15 year term. The intent is for the City’s Parks, Arts and Recreation department to offer performances to the public, as well as make the facility available for short-term rentals.

On July 15, 2015 the City entered into a 5 year term capital lease agreement to finance the purchase of a John Deere Excavator. The lease agreement qualifies as a capital lease for accounting purposes.

The assets acquired through capital leases are as follows:

**Assets Acquired Through Capital Leases**

<u>Asset</u>	<u>Governmental Activities</u>
Auburn Avenue Theater	\$ 749,110
John Deere Excavator	204,710
Less: Accumulated Depreciation	<u>(444,557)</u>
Total Assets Acquired Through Capital Leases	<u>\$ 509,263</u>

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2015, were as follows:

**Schedule of Future Minimum Lease Payments**

	Lease Payable		
	Theater	Excavator	Total
2016	\$ 77,699	\$ 44,140	\$ 121,839
2017	77,699	44,140	121,839
2018	77,699	44,140	121,839
2019	77,699	44,140	121,839
2020	77,699	22,480	100,179
2021	77,504	-	77,504
Total minimum lease payments	465,999	199,040	665,039
Less: Amounts representing interest	(81,818)	(13,448)	(95,266)
Present value of future minimum lease payments	\$ 384,181	\$ 185,592	\$ 569,773

**NOTE 9 – LONG-TERM LIABILITIES**

**General Obligation Bonds** are direct obligations of the City for which its full faith and credit are pledged. Debt service for voter-approved issues, of which the City has none, would be funded by special property tax levies. Debt service for City Council authorized bonds, also called councilmanic bonds, is funded from regular property taxes or general revenues, and is generally paid from debt service funds but can be paid from other designated funds.

General Obligation Bonds outstanding at year-end are as follows:

- 2005 Limited Tax General Obligation refunding bonds were issued to partially advance refund the 1999 Limited Tax Obligation bonds. 1999 Limited Tax General Obligation bonds were issued for construction of hangars at the Auburn Municipal Airport. The 2005 Limited Tax General Obligation refunding bonds mature in 2019 and are paid from the Airport fund.
- 2006 Limited Tax General Obligation bonds were issued to fund improvements at the Auburn Golf Course including a pro shop, clubhouse and related facilities, as well as construction of a columbarium at the Mountain View Cemetery. During 2014, the outstanding bonds which were issued to fund improvements to the Auburn Golf Course were transferred from the Golf Fund and are now included in the governmental activities. In 2015, the outstanding bonds which were issued to construct a columbarium at the Mountain View Cemetery were transferred from the Cemetery Fund and are now included in the governmental activities. The removal of debt from the enterprise fund was treated as a capital contribution.
- 2006 Limited Tax General Obligation (taxable) bonds were issued to construct and equip restaurant, banquet and related facilities for a restaurant facility to be located at the Auburn Golf Course clubhouse. The outstanding bonds were transferred from the Golf Fund and are now included in the governmental activities. The removal of debt from the enterprise fund was treated as a capital contribution.
- 2010A Limited Tax General Obligation Improvement and Refunding bonds were issued to provide funds with which to (i) pay a portion of the costs of acquisition of certain condominium units to provide city office space near City Hall (City Hall Annex) in lieu of the City Hall Annex lease and (ii) to partially advance refund the 1998 Limited Tax General Obligation bonds. The 1998 Limited General Obligation bonds were issued for construction of a library to be owned and operated by the King County Rural Library District.

The City advance refunded the 1998 Limited Tax General Obligation bonds in 2010. The debt is considered extinguished in an in-substance defeasance and, accordingly is not reflected in the accompanying financial statements. The remaining balance of outstanding defeased debt as of December 31, 2015 is \$780,000.

- 2010B Limited Tax General Obligation Bonds (Taxable Build America Bonds – Direct Payment) bonds were issued to provide funds with which to pay a portion of the costs of acquisition of certain condominium units to provide city office space near City Hall (City Hall Annex) in lieu of the City Hall Annex lease.

- 2010C Limited Tax General Obligation Bonds were issued to provide funds with which to pay portion of the downtown infrastructure improvements in the City’s revitalization area.
- 2010D Limited Tax General Obligation Bonds (Taxable Build America Bonds – Direct Payment) bonds were issued to provide funds with which to pay portion of the downtown infrastructure improvements in the City’s revitalization area.

**Revenue Bonds** are payable from water, sewer and storm drainage utility revenues generated by those enterprise funds.

**State of Washington Public Works Trust Fund Loans** are a direct responsibility of the City. Auburn currently has eight outstanding loans with a remaining total balance of \$11,650,644. Six of the loans are for water and sewer construction projects. The loans are being repaid from water and sewer fund revenues over a 20-year period that begins upon each project completion (PWTF 1999, PWTF 2001, PWTF 2002, PWTF 2004, PWTF 2006 & PWTF 2013). The other two loans are for arterial street improvements and are being repaid from arterial street fund revenues over a 20-year period that began in 2009 upon project completion (PWTF 2008) and over a 29-year period that began in 2013 upon project completion (PWTF 2012).

**Compensated Absences** are paid by those funds that have employees. These are mostly payable by the General fund and enterprise funds.

The following schedules summarize the long-term debt transactions of the City for the year ended December 31, 2015. The first table summarizes all debt transactions for Auburn, while the second provides detailed information on all long-term debt. Additional schedules reflect total annual debt service requirements to maturity and the reconciliation of debt by fund type.

**CHANGES IN LONG-TERM LIABILITES SUMMARY**

	General Obligation <sup>(1)</sup>	Utility	Employee Leave Benefit	Other Post Employment Benefits	Pension Liability	Premium	Due To Other Governments	Total
Long-term liabilities payable 12/31/14	\$ 36,754,241	\$ 38,954,538	\$ 2,463,411	\$ 6,211,464	\$ -	\$ 1,578,439	\$ 25,137,800	\$ 111,099,893
Added	695,174	850,402	2,259,690	1,945,816	18,726,785	9,226	-	24,487,093
Retired	(2,132,845)	(2,231,093)	(2,044,356)	(909,657)	-	(136,417)	(860,150)	(8,314,518)
Long-term liabilities payable 12/31/15	\$ 35,316,570	\$ 37,573,847	\$ 2,678,745	\$ 7,247,623	\$ 18,726,785	\$ 1,451,248	\$ 24,277,650	\$ 127,272,468

<sup>(1)</sup> Includes capital leases

**DEBT SERVICE REQUIREMENT TO MATURITY**

Year	General Obligation Bonds		Capital Lease Obligation		Utility Bonds/Loans		Total Long-Term Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal <sup>(1)</sup>	Interest
2016	2,099,950	3,219,326	93,137	24,060	2,523,493	1,534,878	4,716,580	4,778,264
2017	2,189,400	3,127,140	97,991	20,345	2,568,493	1,481,621	4,855,884	4,629,106
2018	2,266,100	3,027,605	103,130	16,374	2,618,493	1,427,652	4,987,723	4,471,631
2019	2,069,350	2,932,873	108,571	12,129	2,673,493	1,366,533	4,851,414	4,311,535
2020	1,949,150	2,846,490	92,127	7,591	2,551,124	1,294,302	4,592,401	4,148,383
2021-2025	10,947,950	13,172,939	74,817	2,741	12,626,091	5,178,730	23,648,858	18,354,410
2026-2030	11,063,100	10,524,179	-	-	12,997,962	2,375,073	24,061,062	12,899,252
2031-2035	13,071,050	7,018,605	-	-	2,399,537	124,560	15,470,587	7,143,165
2036-2040	9,281,600	2,854,345	-	-	584,965	11,700	9,866,565	2,866,045
2041-2045	-	-	-	-	116,993	585	116,993	585
Totals	\$ 54,937,650	\$ 48,723,502	\$ 569,773	\$ 83,240	\$ 41,660,644	\$ 14,795,634	\$ 97,168,067	\$ 63,602,376

<sup>(1)</sup> \$ 97,168,067 Principal debt service requirements to maturity  
 2,678,745 Employee Leave Benefits  
 7,247,623 Other Post Employment Benefits  
 18,726,785 Pension Liability  
 1,451,248 Premium  
 \$ 127,272,468 Long Term Liabilities 12/31/2015

**CHANGES IN LONG-TERM LIABILITIES**  
 Schedule of Authorized, Issued and Outstanding Bonds <sup>(2)</sup>

Issue Name	Interest Rates	Maturity Date	Original Amount <sup>(2)</sup>	Principal Installments	Balance 12/31/14	Additions	Reductions	Balance 12/31/15	Due Within One Year
<b>GOVERNMENTAL DEBT</b>									
<u>General Obligation Bonds:</u>									
GO bond 2006-Golf/Cemetery <sup>(1)(3)</sup>	4.25-5.00%	12/1/2025	\$ 2,784,536	\$5,000 - \$395,000	\$ 2,784,536	\$ 490,464	\$ (5,000)	\$ 3,270,000	\$ 265,000
GO bond 2006 taxable-Golf	5.40-5.52%	12/1/2015	1,885,000	\$45,000 - \$245,000	245,000	-	(245,000)	-	-
LTGO 2010A <sup>(1)</sup>	2.00-4.50%	12/1/2018	4,385,000	\$235,000 - \$720,000	1,015,000	-	(235,000)	780,000	250,000
LTGO 2010B <sup>(1)</sup>	3.27-6.24%	12/1/2039	20,365,000	\$535,000 - \$1,240,000	20,365,000	-	(535,000)	19,830,000	545,000
LTGO 2010D <sup>(1)</sup>	3.27-6.19%	12/1/2034	6,320,000	\$220,000 - \$445,000	6,320,000	-	(220,000)	6,100,000	225,000
Total General Obligation Bonds			35,739,536		30,729,536	490,464	(1,240,000)	29,980,000	1,285,000
<u>Capital Leases:</u>									
Auburn Avenue Theater	6.68%	12/31/2021	695,504	\$4,078 - \$6,429	435,068	-	(50,887)	384,181	54,030
John Deere Financial Excavator Lease	3.00%	7/15/2020	204,710	\$3,678	-	204,710	(19,118)	185,592	39,107
Total Capital Leases					435,068	204,710	(70,005)	569,773	93,137
<u>Employee Leave Benefits:</u>									
Compensated absences					1,892,260	1,734,465	(1,570,606)	2,056,119	1,609,150
<u>Other Post Employment Benefits:</u>									
LEOFF 1					6,211,464	1,945,816	(909,657)	7,247,623	-
<u>Pension Liability</u>									
					-	12,828,199	-	12,828,199	-
<u>Public Works Trust Fund Loans:</u>									
PWTF 2008	0.50%	7/1/2028	1,527,273	\$80,383	1,125,359	-	(80,383)	1,044,976	80,383
PWTF 2012	0.50%	6/1/2041	3,284,857	\$116,993	3,158,814	-	(116,993)	3,041,821	116,993
Total Public Works Trust Fund Loans			4,812,130		4,284,173	-	(197,376)	4,086,797	197,376
Premium Related to Debt					168,882	9,226	(34,726)	143,382	-
<b>Total Governmental</b>			<b>\$ 41,247,170</b>		<b>\$ 43,721,383</b>	<b>\$ 17,212,880</b>	<b>\$ (4,022,370)</b>	<b>\$ 56,911,893</b>	<b>\$ 3,184,663</b>
<b>BUSINESS-TYPE DEBT</b>									
<u>General Obligation Bonds:</u>									
GO refunding bond 2005 <sup>(1)</sup>	4.00-4.50%	12/1/2019	\$ 1,375,000	\$10,000 - \$190,000	\$ 815,000	\$ -	\$ (135,000)	\$ 680,000	\$ 150,000
GO bond 2006-Golf/Cemetery <sup>(1)(3)</sup>	4.25-5.00%	12/1/2025	3,275,000	\$5,000 - \$395,000	490,464	-	(490,464)	-	-
Total General Obligation Bonds			4,650,000		1,305,464	-	(625,464)	680,000	150,000
<u>Revenue Bonds:</u>									
Utility sys refunding bonds 2005 <sup>(1)</sup>	3.00-4.75%	11/1/2016	2,765,000	\$45,000 - \$355,000	695,000	-	(340,000)	355,000	355,000
Utility sys bonds 2010 <sup>(1)</sup>	3.00-6.40%	12/1/2030	21,295,000	\$575,000 - \$1,720,000	20,130,000	-	(605,000)	19,525,000	630,000
Utility sys bonds 2013 <sup>(1)</sup>	0.38-4.00%	12/1/2032	11,415,000	\$335,000 - \$785,000	10,605,000	-	(475,000)	10,130,000	480,000
Total Revenue Bonds			35,475,000		31,430,000	-	(1,420,000)	30,010,000	1,465,000
<u>Employee Leave Benefits:</u>									
Compensated absences					571,151	525,225	(473,750)	622,626	487,276
<u>Pension Liability</u>									
					-	5,898,586	-	5,898,586	-
<u>Public Works Trust Fund Loans:</u>									
PWTF 1999	1.00%	7/1/2019	3,465,000	\$182,368	911,842	-	(182,368)	729,474	182,368
PWTF 2001	0.50%	7/1/2021	4,290,405	\$227,086	1,589,599	-	(227,086)	1,362,513	227,086
PWTF 2002	1.00%	7/1/2022	641,250	\$26,114	208,916	-	(26,114)	182,802	26,115
PWTF 2004	0.50%	7/1/2024	2,049,036	\$107,844	1,078,440	-	(107,844)	970,596	107,844
PWTF 2006	0.50%	7/1/2026	3,325,000	\$180,418	2,165,015	-	(180,418)	1,984,597	180,418
PWTF 2013	2.00%	6/1/2032	1,654,561	\$87,263	1,570,726	850,402	(87,263)	2,333,865	137,286
Total Public Works Trust Fund Loans			15,425,252		7,524,538	850,402	(811,093)	7,563,847	861,117
Premium Related to Debt					1,409,557	-	(101,691)	1,307,866	-
<b>Total Proprietary</b>			<b>\$ 55,550,252</b>		<b>\$ 42,240,710</b>	<b>\$ 7,274,213</b>	<b>\$ (3,431,998)</b>	<b>\$ 46,082,925</b>	<b>\$ 2,963,393</b>
<b>Total All Funds</b>			<b>\$ 96,797,422</b>		<b>\$ 85,962,093</b>	<b>\$ 24,487,093</b>	<b>\$ (7,454,368)</b>	<b>\$ 102,994,818</b>	<b>\$ 6,148,056</b>

<sup>(1)</sup> Subject to federal arbitrage compliance rules.

<sup>(2)</sup> The original amount is the amount authorized and issued with exception of the Utility System Bonds 2013 in which the authorized amount was \$13,000,000 and the issued amount was \$11,415,000.

<sup>(3)</sup> The outstanding bonds which were issued to fund improvements at the Cemetery were transferred from the Cemetery Fund and are now included in the governmental activities.

**Due to Other Governments**

- Valley Communication Center Public Development Authority issued General Obligation bonds in 2000 for a new dispatch facility. The City is contracted to pay 20% of the debt service of these 15-year bonds that mature in 2015. This debt is paid from the General fund and its final debt service payment was made in 2015.
- SCORE Public Development Authority issued General Obligation bonds in 2009 to acquire, construct, improve, and equip a consolidated correctional facility located in Des Moines, Washington. The city is contracted to pay 31% of the debt service of these 30 year bonds that mature in 2039. This debt is paid from the General fund.

**CHANGES IN LONG-TERM LIABILITIES DUE TO OTHER GOVERNMENTS**

Issue Name	Interest Rates	Maturity Date	Original Amount	Principal Installments	Balance 12/31/14	Additions	Reductions	Balance 12/31/15	Due Within One Year
<b>GOVERNMENTAL DEBT:</b>									
<u>General Obligation Bonds:</u>									
Valley Communication Public Dev Auth	3.00-4.00%	12/1/2015	\$ 1,065,000	\$21,000 - \$220,000	\$ 220,000	\$ -	\$ (220,000)	\$ -	\$ -
SCORE Public Development Authority	3.00-6.62%	1/1/2039	26,732,850	\$593,650 - \$1,601,150	24,917,800	-	(640,150)	24,277,650	664,950
<b>Total General Obligation Bonds</b>									
<b>Due Other Governments</b>			<u>\$ 27,797,850</u>		<u>\$ 25,137,800</u>	<u>\$ -</u>	<u>\$ (860,150)</u>	<u>\$ 24,277,650</u>	<u>\$ 664,950</u>

**LONG-TERM LIABILITIES RECONCILIATION**

	Enterprise Funds	Governmental Funds	12/31/15
Liabilities payable from restricted assets:			
Revenue bonds	\$ 2,922,900	\$ -	\$ 2,922,900
Long-term bonds payable:			
General obligation bonds	680,000	29,980,000	30,660,000
Capital lease	-	569,773	569,773
Revenue bonds	27,087,100	-	27,087,100
Public Works Trust Fund loans	7,563,847	4,086,797	11,650,644
Due to Other Governments	-	24,277,650	24,277,650
Employee leave benefits	622,626	2,056,119	2,678,745
Other Post Employment Benefits	-	7,247,623	7,247,623
Pension Liability	5,898,586	12,828,199	18,726,785
Premium	1,307,866	143,382	1,451,248
Total long-term debt	<u>\$ 46,082,925</u>	<u>\$ 81,189,543</u>	<u>\$ 127,272,468</u>

**Revenue Bond Debt Service Coverage**

The required debt service coverage for the 2013 utility revenue bonds, 2010 utility revenue bonds and the 2005 utility revenue refunding bonds is 1.25. Debt service coverage for 2015 was 2.96. The ratio indicates the direction and degree to which the revenue stream exists to meet the current debt burden. The ratio is calculated by dividing the net revenue available by debt service requirements.

The restricted rate stabilization fund for the utility revenue bonds was established to minimize the effect on rates of revenue fluctuations between years. By transferring cash into this stabilization fund, adjusted net revenue available for debt service, as defined, would be decreased by the amount of the transfer. Conversely, transfers out of the account would increase adjusted net revenue available for debt service.

**Estimated Arbitrage Rebate**

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt of over \$5 million to make payments to the United States Treasury of investment interest received at yields that exceed the issuer’s tax-exempt borrowing rates. Payments of arbitrage rebate amounts due under these regulations must be made to the U.S. Treasury every five

years. The City's estimated rebatable arbitrage amount as of December 31, 2015 is \$0 for its tax-exempt bond issues subject to the Tax Reform Act issued through that date.

### **Note 10 – Pension Plans**

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the year 2015:

<b>Aggregate Pension Amounts – All Plans</b>	
Pension liabilities	\$ 18,726,785
Pension assets	4,893,695
Deferred outflows of resources	2,804,543
Deferred inflows of resources	4,230,566
Pension expense/expenditures	\$ 1,449,827

#### **State Sponsored Pension Plans**

Substantially all City full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems  
Communications Unit  
P.O. Box 48380  
Olympia, WA 98540-8380

Or the DRS CAFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

#### **Public Employees' Retirement System (PERS)**

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

**PERS Plan 1** provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

PERS Plan 1		
Actual Contribution Rates:	Employer	Employee*
January through June 2015	9.21%	6.00%
July through December 2015	11.18%	6.00%

\* For employees participating in JBM, the contribution rate was 12.26%

The City’s actual contributions to the plan were \$1,001,824 for the year ended December 31, 2015.

**PERS Plan 2/3** provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member’s average final compensation (AFC) times the member’s years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member’s 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

**PERS Plan 3** defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	Employer 2/3	Employee 2*
January through June 2015	9.21%	4.92%
July through December 2015	11.18%	6.12%
Employee PERS Plan 3		varies

\* For employees participating in JBM, the contribution rate was 15.30%

The City’s actual contributions to the plan were \$1,286,928 for the year ended December 31, 2015.

**Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF)**

LEOFF membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF is comprised of two separate defined benefit plans.

**LEOFF Plan 1** provides retirement, disability and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

- 20+ years of service – 2.0% of FAS
- 10-19 years of service – 1.5% of FAS
- 5-9 years of service – 1% of FAS

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months’ salary within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan 1 had no required employer or employee contributions for fiscal year 2015. Employers paid only the administrative expense of 0.18 percent of covered payroll.

**LEOFF Plan 2** provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

LEOFF Plan 2		
Actual Contribution Rates:	Employer	Employee
State and local governments	5.23%	8.41%
Ports and Universities	8.59%	8.41%

The City’s actual contributions to the plan were \$551,812 for the year ended December 31, 2015.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2015, the state contributed \$58,339,032 to LEOFF Plan 2.

**Actuarial Assumptions**

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2015 with a valuation date of June 30, 2014. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary’s (OSA) *2007-2012 Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2014 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2015. Plan liabilities were rolled forward from June 30, 2014, to June 30, 2015, reflecting each plan’s normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 3% total economic inflation; 3.75% salary inflation
- **Salary increases:** In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.5%

Mortality rates were based on the RP-2000 report’s Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were minor changes in methods and assumptions since the last valuation.

- The OSA updated demographic assumptions, consistent with the changes from the *2007-2012 Experience Study Report*, used when valuing the PERS 1 and TERS 1 Basic Minimum COLA.
- The OSA corrected how valuation software calculates a member’s entry age under the entry age normal actuarial cost method. Previously, the funding age was rounded, resulting in an entry age one year higher in some cases.
- For purposes of calculating the Plan 2/3 Entry Age Normal Cost contribution rates, the OSA now uses the current blend of Plan 2 and Plan 3 salaries rather than using a long-term membership assumption of two-thirds Plan 2 members and one-third Plan 3 members.
- The OSA changed the way it applies salary limits, as described in the *2007-2012 Experience Study Report*.

**Discount Rate**

The discount rate used to measure the total pension liability for all DRS plans was 7.5 percent.

To determine that rate, an asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.7 percent except LEOFF 2,

which has assumed 7.5 percent). Consistent with the long-term expected rate of return, a 7.5 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5 percent was used to determine the total liability.

### Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.5 percent was determined using a building-block-method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times. The long-term expected rate of return of 7.5 percent approximately equals the median of the simulated investment returns over a 50-year time horizon.

### Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.70%
Tangible Assets	5%	4.40%
Real Estate	15%	5.80%
Global Equity	37%	6.60%
Private Equity	23%	9.60%
	<b>100%</b>	

### Sensitivity of NPL

The table below presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
PERS 1	\$ 12,283,765	\$ 10,089,313	\$ 8,202,285
PERS 2/3	25,256,417	8,637,472	(4,087,031)
LEOFF 1	(799,711)	(1,250,031)	(1,633,845)
LEOFF 2	\$ 3,648,893	\$ (3,643,664)	\$ (9,131,590)

### Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

### Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the City reported a total pension liability of \$18,726,785 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	\$ 10,089,313
PERS 2/3	8,637,472
LEOFF 1	(1,250,031)
LEOFF 2	\$ (3,643,664)

The amount of the liability /(asset) reported above for LEOFF Plan 2 reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability/(asset), the related State support, and the total portion of the net pension liability/(asset) that was associated with the City were as follows:

	Liability (or Asset)
LEOFF 2 – employer’s proportionate share	\$ (2,193,486)
LEOFF 2 – State’s proportionate share of the net pension liability/(asset) associated with the employer	(1,450,178)
TOTAL	\$ (3,643,664)

At June 30, the City’s proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/14	Proportionate Share 6/30/15	Change in Proportion
PERS 1	0.196420%	0.192878%	(0.003542)%
PERS 2/3	0.242569%	0.241739%	(0.00083)%
LEOFF 1	0.105779%	0.103718%	(0.002061)%
LEOFF 2	0.348591%	0.354511%	0.00592%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer’s proportionate share of the collective pension amount’s reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2015. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2015, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2015, the state of Washington contributed 39.80 percent of LEOFF 2 employer contributions pursuant to RCW 41.27.726 and all other employers contributed the remaining 60.20 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2015, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2014, with update procedures used to roll forward the total pension liability to the measurement date.

**Pension Expense**

For the year ended December 31, 2015, the City recognized pension expense as follows:

	<b>Pension Expense</b>
PERS 1	\$ 510,667
PERS 2/3	944,123
LEOFF 1	(231,464)
LEOFF 2	226,501
<b>TOTAL</b>	<b>\$ 1,449,827</b>

**Deferred Outflows of Resources and Deferred Inflows of Resources**

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>PERS 1</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	551,996
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	13,762	-
<b>TOTAL</b>	<b>\$ 13,762</b>	<b>\$ 551,996</b>

<b>PERS 2/3</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 918,166	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	2,305,796
Changes of assumptions	13,917	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	26,706
Contributions subsequent to the measurement date	1,246,032	-
<b>TOTAL</b>	<b>\$ 2,178,115</b>	<b>\$ 2,332,502</b>

<b>LEOFF 1</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	211,030
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
<b>TOTAL</b>	<b>\$ -</b>	<b>\$ 211,030</b>

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 319,063	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	1,104,011
Changes of assumptions	9,611	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	31,027
Contributions subsequent to the measurement date	283,992	-
<b>TOTAL</b>	<b>\$ 612,666</b>	<b>\$ 1,135,038</b>

Deferred outflows of resources related to pensions resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	PERS 2/3
2016	\$ (318,277)
2017	(318,277)
2018	(318,277)
2019	\$ (127,311)

Year ended December 31:	LEOFF 2
2016	\$ (130,059)
2017	(130,059)
2018	(130,059)
2019	(130,059)
2020	(130,059)
Thereafter	\$ (26,010)

**City of Auburn Fire Relief and Pension Plan**

The City is the administrator of the Firemen’s Pension Plan (Plan), which is a closed, single-employer defined benefit pension plan that was established in conformance with RCW Chapters 41.16 and 41.18. This plan provided retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Membership is limited to firefighters employed prior to March 1, 1970 when the LEOFF retirement system was established. The City’s obligation under the Firemen’s Pension Plan consists of paying all benefits, including payments to beneficiaries and healthcare, for firefighters who retired prior to March 1, 1970, and excess pension and healthcare benefits of LEOFF for covered firefighters who retired after March 1, 1970. Benefits and refunds of the defined benefit pension plan are recognized when due and payable in accordance with the Plan. The Plan does not issue a separate financial report.

The City has determined that *GASB Statement No. 67 – Financial Reporting for Pension Plans; an amendment of GASB Statement No. 25* does not apply to the City’s single-employer Fire Relief and Pension Fund as it does not meet the criteria applicability set by the statement as the contributions to that fund are not irrevocable. Plan assets may be used for to cover medical expenses which are outside of the scope of the pension plan benefits. Therefore, the Fire Relief and Pension Fund has been presented in conformance with GASB Statement No. 25 and Statement No. 50.

Under state law, the Firemen's Pension Plan is provided an allocation of 25% of all monies received by the state from taxes on fire insurance premiums, interest earnings, member contributions made prior to the inception of LEOFF, and City contributions required to meet projected future pension obligations. The actuary determined as of January 1, 2015 that no future City contributions would be required beyond future revenues from state fire insurance taxes and interest earnings. In 2015, \$75,702 was received from the state from taxes on fire insurance premiums, \$5,065 was received from interest earnings. On-behalf payments of fringe benefits and salaries for the City's employees were recognized as revenues and expenditures/expenses during the period. Administrative costs, such as City staff time and actuarial valuation costs are funded from interest earnings or City contributions. The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Membership of the Firemen's Pension Plan consisted of 13 eligible, of which 11 are receiving benefits.

<b>GASB STATEMENT No. 25</b>				<b>GASB STATEMENT No. 27</b>		
<b>SCHEDULE OF EMPLOYER CONTRIBUTIONS</b>				<b>THREE YEAR TREND INFORMATION</b>		
Fiscal Year Ending	Actual Employer Contributions*	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension (Asset) Obligation
December 31, 2004	(137,783)	(91,881)	N/A	(90,143)	N/A	(122,820)
December 31, 2005	(144,746)	(78,690)	N/A	(76,827)	N/A	(54,901)
December 31, 2006	(149,327)	(78,690)	N/A	(77,774)	N/A	16,652
December 31, 2007	17,920	(5,048)	N/A	(5,420)	N/A	(6,688)
December 31, 2008	12,167	(5,048)	N/A	(4,885)	N/A	(23,740)
December 31, 2009	37,232	(78,233)	N/A	(77,503)	N/A	(138,475)
December 31, 2010	49,049	(78,233)	N/A	(73,634)	N/A	(261,158)
December 31, 2011	43,474	21,469	202%	30,859	140.88%	(273,773)
December 31, 2012	48,380	21,469	225%	32,156	150.00%	(289,997)
December 31, 2013	52,326	70,351	74%	83,024	63.00%	(259,299)
December 31, 2014	297,177	70,351	422%	82,715	359.00%	(473,761)
December 31, 2015	55,966	47,670	117%	73,004	77.00%	(456,723)

\*Employer Contributions for pensions are total contributions to the Fund net of disbursement from the Fund for medical expenses under RCW 41.26.150 and administrative expenses.

**GASB STATEMENT No. 27**  
**Annual Development of Pension Cost**

Fiscal Year Ending	ARC at End of Year <sup>(1)</sup>	Interest on NPO <sup>(2)</sup>	ARC Adjustment	Amort. Factor *	Annual Pension Cost (APC)	Total Employer Contributions	Change in NPO	NPO (Asset) Balance <sup>(3)</sup>
12/31/2004	(91,881)	(11,932)	(13,670)	12.47%	(90,143)	(137,783)	47,640	(122,820)
12/31/2005	(78,690)	(7,369)	(9,232)	13.30%	(76,827)	(144,746)	67,919	(54,901)
12/31/2006	(78,690)	(3,294)	(4,210)	13.04%	(77,774)	(149,327)	71,553	16,652
12/31/2007	(5,048)	833	1,205	13.82%	(5,420)	17,920	(23,340)	(6,688)
12/31/2008	(5,048)	(334)	(497)	13.46%	(4,885)	12,167	(17,052)	(23,740)
12/31/2009	(78,233)	(950)	(1,680)	14.13%	(77,503)	37,232	(114,735)	(138,475)
12/31/2010	(78,233)	(5,539)	(10,138)	13.66%	(73,634)	49,049	(122,683)	(261,158)
12/31/2011	21,469	(10,446)	(19,836)	13.17%	30,859	43,474	(12,615)	(273,773)
12/31/2012	21,469	(10,951)	(21,638)	12.65%	32,156	48,380	(16,224)	(289,997)
12/31/2013	70,351	(10,875)	(23,548)	12.32%	83,024	52,326	30,698	(259,299)
12/31/2014	70,351	(9,724)	(22,088)	11.74%	82,715	297,177	(214,462)	(473,761)
12/31/2015	47,670	(16,582)	(41,916)	11.30%	73,004	55,966	17,038	(456,723)

<sup>(1)</sup> A change in consulting actuaries resulted in a recommended change in the actuarial methods and assumptions.

<sup>(2)</sup> 7% interest rate was used for years prior to January 1, 2003-2004; 6% 2005-2006; 5% 2007-2008; 4% 2011-2012, 3.75% 2013, 3.5% 2014 - 2015

<sup>(3)</sup> The Net Pension Obligation (NPO) balance is reflected as part of Deferred Charges on the Government-wide Statement of Net Position prior to 2010.

\* Based on 30-year level-dollar closed amortization as of January 1, 1999.

\*\* Assumed amounts will be replaced at year end with actual amounts.

The information presented in the preceding required schedules was determined as part of the actuarial valuations at the date indicated.

Actuarial Valuation Info:

Valuation date:	January 1, 2015
Actuarial cost method:	Entry age normal
Amortization method:	Level dollar amount 30-year, closed as of January 1, 1999
Remaining amortization period:	14 years
Asset valuation method:	Fair market value

Actuarial Assumptions

Inflation rate:	2.25%
Investment rate of return:	3.50%
Projected salary increases:	3.25%
Cost-of living adjustments:	2.50%

## NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS

In 2008, the city implemented GASB Statement 45, Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions.

### Plan Description

The city is the administrator of the LEOFF 1 employees plan covering lifetime medical care. This plan is a defined benefit healthcare plan, other post employment benefit plan (OPEB).

The city is required to pay post employment benefits in accordance with Revised Code of Washington (RCW) Chapter 41.16, all medical and long term care as long as a disability exists are covered for any active firefighter hired prior to March 1, 1970. For any retired firefighter hired prior to March 1, 1970, medical and long term care are covered at the discretion of the Retirement Board. Members retired prior to 1961 for reasons other than duty disability are not eligible for medical benefits during retirement.

In 1970, LEOFF was established by the Legislature under RCW Chapter 41.26. LEOFF members who joined the system by September 30, 1977 are Plan 1 members. For Plan 1 members, the city is required to pay all healthcare expenses incurred by LEOFF 1 retirees. The City's cost is reduced by any amounts retirees receive from Medicare or other health plans.

### Funding Policy

The funding policy is based upon the pay-as-you-go financing requirements paid out of the General fund.

### Membership

As of December 31, 2015, there was 1 active member and 53 retirees meeting the eligibility requirements of a LEOFF 1 member. This is considered a closed group with no new members. The one active member is employed by the Valley Regional Fire Authority (VRFA) which is a separate governmental entity and the City is billed annually for their medical costs.

### Annual OPEB Cost and Net OPEB Obligation

The City's annual other post employment benefit (OPEB) cost is calculated based upon the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period of 21 years as of January 1, 2008. 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 for LEOFF.

Annual Required Contribution (ARC)	Fiscal Year Ending		
	12/31/2013	12/31/2014	12/31/2015
1. Annual Normal Costs at beginning of year	\$ 101,456	\$ 45,656	\$ 45,656
2. Amortization of UAAL at beginning of year	2,011,425	2,168,028	2,168,028
3. Interest to end of year	84,515	71,945	71,945
4. ARC at end of year	\$ 2,197,396	\$ 2,285,629	\$ 2,285,629
5. Interest on Net OPEB Obligation	162,738	161,461	201,873
6. Adjustment to ARC	335,724	410,380	541,686
7. Annual OPEB Cost	\$ 2,024,410	\$ 2,036,710	\$ 1,945,816
8. Employer Contributions	1,124,809	793,286	909,657
9. Change in Net OPEB Obligation	899,601	1,243,424	1,036,159
10. Net OPEB Obligation at beginning of year	4,068,439	4,968,040	6,211,464
11. Net OPEB Obligation at end of year	\$ 4,968,040	\$ 6,211,464	\$ 7,247,623

The net OPEB obligation of \$7,247,623 is included as a non-current liability on the Statement of Net Position. The City's annual OPEB cost, the percentage of OPEB costs contributed to the plan, and the net OPEB obligation for 2015, 2014 and 2013 are as follows:

Fiscal Year Ending	Annual OPEB Cost	Contributions as a Percentage of Annual OPEB Cost	Net OPEB Obligation
December 31, 2015	\$ 1,945,816	47%	\$ 7,247,623
December 31, 2014	2,036,710	39%	6,211,464
December 31, 2013	2,024,410	56%	4,968,040

### Funded Status and Funding Progress

As of January 1, 2014, the most recent actuarial valuation date, the plan was 0% funded. The accrued liability for benefits was \$26.2 million, and the actuarial value of assets was \$0, resulting in a UAAL of \$26.2 million. The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial valuations 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.

### 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. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the January 1, 2014 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions used included a 3.25% discount rate, which is based upon the long-term investment yield on the investments that are expected to be used to finance the payment of benefits. The medical (healthcare) trend rate of 6.1% for pre-65 retirees and 6.2% for post-65 retirees is assumed and the inflation rate includes the dental inflation rate of 5.0% and long term care inflation rate of 4.75%.

The UAAL is being amortized on a closed basis at the assumed discount rate using the level dollar amortization method. The remaining amortization period at January 1, 2014 was 15 years.

## **NOTE 12 – ASSOCIATION OF WASHINGTON CITIES EMPLOYEE BENEFIT TRUST (“Trust”)**

### Trust Description

The City is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance, or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2015, 261 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members. The AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members. The AWC Trust HCP includes medical insurance through Regence BlueShield and Asuris Northwest Health, dental insurance through Delta Dental of Washington, and vision insurance through Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. The AWC Trust HCP purchases stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Group Health ISL at \$750,000 through Sun Life. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the HCP. Similarly, the terminating member forfeits all rights and interest to the HCP Account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office

#### Funding Policy

The Trust provides that contribution requirements of Participating Employers and of participating employees, retirees and other beneficiaries, if any, are established and may be amended by the Board of Trustees of the Trust. Retirees of

the City receiving medical benefits from the Trust contribute up to \$871.51 per month for non-Medicare enrolled retiree-only coverage, \$1,750.63 for non-Medicare enrolled retiree and spouse coverage, \$1,214.45 for Medicare enrolled retiree and non-Medicare enrolled spouse (or non-Medicare enrolled retiree and Medicare-enrolled spouse) and \$670.66 for Medicare-enrolled retiree and spouse coverage.

Participating Employers are not contractually required to contribute an assessed rate each year by the Trust for non-LEOFF 1 retirees. The retire pays for 100% of the premium.

**NOTE 13 – CONSTRUCTION COMMITMENTS**

At December 31, 2015, the City had the following contractual obligations on construction projects:

SCHEDULE OF OUTSTANDING CONSTRUCTION OBLIGATIONS  
As of December 31, 2015

	Amount Outstanding
Street projects	\$ 690,429
Utilities projects	4,076,957
Other projects	5,040,449
Total commitments	\$ 9,807,835

**NOTE 14 – CEMETERY ENDOWED CARE FUND**

The City maintains one permanent fund known as the cemetery endowed care fund. Paid into this fund is 10% of the base, pre-tax sales price of each grave, niche or crypt. This fund is irreducible in principal and no part of the income of this fund shall ever be used for purposes other than those specified upon the creation of the fund.

RCW 68.44.020 restricts the use of endowment net appreciation to endowment care “stipulated in the instrument by which the fund was established”. For the City, the instrument that established the fund is Auburn City Code section 3.04.080, and section 3.040.120 governs the use of the fund.

ACC 3.04.120 restricts net interest or income from investments to the care of the lots and in the improvement or embellishment of the cemetery or the erection or preservation of any buildings or structures, fences or walks, or for the repair, preservation, erection or renewal of any tomb, monument, grave, stone, fence, railing or other erection in or around the cemetery. The funds may also be used for planting and cultivating trees, shrubs, flowers or plants in or around the cemetery. All expenditures of income from the fund must first be authorized by the City Council.

For 2015, of the \$5,073 net appreciation on investments, all was available for expenditures. Amounts that are available for expenditure are reflected as assigned fund balance.

**NOTE 15 – JOINT VENTURES / RELATED PARTY**

**Valley Communications Center**

The “Valley Communications Center” was established August 20, 1976, when an Interlocal Agreement was entered into by four participating municipal corporations: Renton, Kent, Auburn and Tukwila. The provisions and terms of the “Interlocal Cooperation Act”, pursuant to RCW 39.34, sanction the agreement. The initial duration of the agreement was five years and thereafter is automatically extended for consecutive two-year periods, unless terminated by one or more of the participating cities. Any such termination must be in writing and served upon the other cities on or before July 1 in any one year and such termination shall then become effective on the last day of such year.

On August 4, 1999 the Administration Board of Valley Communications Center voted to include the City of Federal Way as a full participating member city as of January 1, 2000. The five participating municipal corporations that include the cities of Renton, Kent, Auburn, Tukwila, and Federal Way on April 17, 2000 entered into a new Interlocal Agreement, pursuant to RCW 39.34, et seq. This agreement reaffirmed Valley Communications Center as a governmental administration agency pursuant to RCW 39.34.030 (3) (b).

The purpose of the joint operation, hereafter referred to as Valley Com, is to provide improved consolidated emergency communications (dispatch) services for police, fire and medical aid to the five participating cities and to the several subscribing agencies, which include King County Fire Districts #2, #20, #40, #43, #44, #47, Black Diamond Fire Department, Vashon Island Fire Department, City of Pacific Police and Fire Departments, City of Algona Police Department, City of Black Diamond Police Department, City of Des Moines Police Department, SeaTac Fire Department, North Highline Fire Department, and King County EMS Units. In 1988, King County Fire District #1 was annexed to the City of Tukwila. A separate agreement between Valley Com and the subscribing agencies has been executed, which set forth condition of services and rates charged.

The participating cities provide the majority of revenues to Valley Com. The method of allocating revenue source was changed in 1990 to a basis of prior year’s calls with actual first and second quarter and estimated third and fourth quarter calls. The allocation of prorated financial participation among the five participating cities is the percentage of estimated dispatched calls attributed to each jurisdiction compared to the total actual and estimated dispatched calls, for the period for January 1 through December 31. The percentages are applied to the current approved budget, less revenue from subscribing agencies and all other sources.

The 2015 cost distribution for the five participating cities is as follows:

	Dispatchable Calls	Percent of Total *
Kent	107,575	27.15%
Renton	78,046	19.69%
Auburn	92,008	23.22%
Tukwila	34,477	8.70%
Federal Way	84,170	21.24%
Total	<u>396,276</u>	<u>100.00%</u>

\* Distribution of current year net income is based on these budgeted percentages.

Valley Com is served by an Administration Board composed of the Mayors or designated representatives from the five participating cities of Renton, Kent, Auburn, Tukwila and Federal Way. The Administration Board is responsible for the following functions: 1) Budget review and recommendation to the legislative bodies of the participating cities, and budget adoption after each legislative body has approved the required financial participation for the ensuing year; 2) Approval of appointment and/or discharge of the Director; 3) Approval of personnel policy and final decisions on all major policy changes; 4) Review and approval of all contracts.

In addition, an Operations Board provides direction and consists of two members of each participating City’s public safety departments, including the heads of such departments or their designees. The Operations Board performs the following functions: 1) Oversees the operation of Valley Com, advises and makes recommendations to the Administration Board; 2) Makes recommendations on Director selection; 3) Presents proposed policies and budget to the Administration Board; 4) Approves disbursement of funds by the Director.

The Director presents a proposed budget to the Operations Board on or before August 15 of each year. Said budget is then presented to the Administration Board by September 1 of each year. The Administration Board can make changes to the proposed Valley Com budget as it finds necessary, but final approval falls to the legislative body of each participating city in accordance with the provisions of the Interlocal Agreement.

In August 1993, Valley Com entered into an Interlocal Cooperation Agreement, pursuant to Chapter 39.34 RCW, with the sub-regions of King County, Seattle and Eastside Public Safety Communications Agency (EPSCA). This agreement governs the development, acquisition and installation of the 800 MHz emergency radio communications system (system) funded by the \$57 million King County levy.

This agreement provides that upon voluntary termination of any sub-region participation in the system, it surrenders its radio frequencies, relinquishes its equipment and transfers any unexpended levy proceeds and association equipment replacement reserves to another sub-region or consortium of sub-regions.

The share of equity belonging to the five participating cities is as follows:

Item	Kent	Renton	Auburn	Tukwila	Federal Way	Total
Equity Dec 31, 2014	\$ 4,889,877	\$ 3,474,017	\$ 3,298,133	\$1,931,257	\$ 2,350,496	\$ 15,943,780
Current year change	649,015	470,862	555,097	208,004	507,809	2,390,787
Equity Dec 31, 2015	<u>\$ 5,538,892</u>	<u>\$ 3,944,879</u>	<u>\$ 3,853,230</u>	<u>\$ 2,139,261</u>	<u>\$ 2,858,305</u>	<u>\$ 18,334,567</u>
% of equity	30.21%	21.52%	21.02%	11.67%	15.59%	
% of 2015 distribution	27.15%	19.69%	23.22%	8.70%	21.24%	

Liabilities are the responsibility of the five participating cities in direct proportion to their equity position. Complete audited financial statements for Valley Communications Center can be obtained from Valley Communications Center, 27519 108th Ave SE, Kent, WA 98030, or telephone 253-372-1300.

**South Correctional Entity (SCORE)**

The South Correctional Entity (SCORE) consolidated correctional facility was established February 25, 2009, when an Interlocal Agreement (the “Original Interlocal Agreement”) was entered into by seven participating municipal governments, the “Member Cities” of Auburn, Burien, Des Moines, Federal Way, Renton, SeaTac and Tukwila, under the authority of the “Interlocal Cooperation Act” (RCW 39.34). This “Original Interlocal Agreement” was amended and restated October 1, 2009 and named the City of Des Moines as the “Host City” and the remaining Member Cities as “Owner Cities”. This interlocal agreement is known as the “Formation Interlocal Agreement”. Pursuant to a separate “Host City Agreement” dated October 1, 2009, the Host City will not enjoy the same equity position as the Owner Cities until all debts issued are paid and the Host City fulfills all of its obligations as outlined in the Host City Agreement. Pursuant to SCORE financial policies, all unexpected funds or reserve funds shall be distributed based on the percentage of the Member City’s average daily population at the SCORE Facility for the last three (3) years regardless of its Owner City or Host City status.

SCORE, a governmental administrative agency pursuant to RCW 39.34.030(3), has the power to acquire, construct, own, operate, maintain, equip, and improve a correctional facility known as the “SCORE Facility” and to provide correctional services and functions incidental thereto, for the purpose of detaining arrestees and sentenced offenders in the furtherance of public safety and emergencies within the jurisdiction of the Member Cities. The SCORE Facility may serve the Member Cities and Subscribing Agencies which are in need of correctional facilities. Any agreement with a Subscribing Agency shall be in writing and approved by SCORE as provided within the SCORE Formation Interlocal Agreement.

Financing for the acquisition, construction, equipping, and improvement of the SCORE Facility was provided by bonds issued by the South Correctional Entity Facility Public Development Authority (the "SCORE PDA"), a public development authority chartered by the City of Renton pursuant to RCW 35.21.730 through 35.21.755. The SCORE PDA issued \$86 million in special obligation bonds in 2009 (the "Bonds") to construct, develop, acquire and equip the SCORE Facility. Pursuant to the Formation Interlocal Agreement and the ordinances of each city, each Owner City (which includes the Cities of Auburn, Burien Federal Way, Renton, SeaTac, and Tukwila) is obligated to budget for and pay its share, and only its share, of the principal of and interest on the Bonds as the same become due and payable. Each Owner City's obligation to pay its portion is an irrevocable, unconditional full faith and credit obligation of such Owner City, payable from property taxes levied within the constitutional and statutory authority provided without a vote of the electors of the Owner City on all of the taxable property within the Owner City and other sources of revenues available therefor. The following is a summary of the debt service requirements for the Bonds:

Summary of Debt Service Requirements										
Debt Service Schedule					Debt Service Allocation to Owner Cities					
Year	Principal	Interest	BABs Subsidy	Total	Auburn 31%	Burien 4%	Federal Way 18%	Renton 36%	SeaTac 3%	Tukwila 8%
2016	\$ 2,065,000	\$ 4,911,886	\$ (1,517,676)	\$ 5,459,210	\$ 1,692,355	\$ 218,368	\$ 982,658	\$ 1,965,316	\$ 163,776	\$ 436,737
2017	2,145,000	4,820,241	(1,511,685)	5,453,556	1,690,602	218,142	981,640	1,963,280	163,607	436,284
2018	2,240,000	4,715,979	(1,511,685)	5,444,294	1,687,731	217,772	979,973	1,959,946	163,329	435,544
2019	2,310,000	4,602,229	(1,475,151)	5,437,078	1,685,494	217,483	978,674	1,957,348	163,112	434,966
2020	2,385,000	4,484,854	(1,437,475)	5,432,379	1,684,037	217,295	977,828	1,955,656	162,971	434,590
2021-2025	13,405,000	20,377,998	(7,109,462)	26,673,536	8,268,796	1,066,941	4,801,236	9,602,473	800,206	2,133,883
2026-2030	16,325,000	15,803,611	(5,715,798)	26,412,813	8,187,972	1,056,513	4,754,306	9,508,613	792,384	2,113,025
2031-2035	20,095,000	9,856,351	(3,682,383)	26,268,968	8,143,380	1,050,759	4,728,414	9,456,828	788,069	2,101,517
2036-2039	19,410,000	2,636,145	(1,147,380)	20,898,765	6,478,617	835,951	3,761,778	7,523,555	626,963	1,671,901
Totals	\$ 80,380,000	\$ 72,209,294	\$ (25,108,695)	\$ 127,480,599	\$ 39,518,984	\$ 5,099,224	\$ 22,946,507	\$ 45,893,015	\$ 3,824,417	\$ 10,198,447

The City of Auburn reports its share of equity interest in the Governmental Activities column within the Government-wide financial statements under non-current assets. The following is condensed (unaudited) financial information as of December 31, 2015 related to SCORE:

South Correctional Entity (SCORE) 2015 Member Cities Equity Allocation					
Member City	Percent of Equity	2014 Equity Balance	Prior Period Adjustment	2015 Apportionment	2015 Equity Balance
Auburn	30.00%	\$ 4,243,235	\$ (1,048,625)	\$ 137,167	\$ 3,331,777
Burien	3.00%	515,410	(155,837)	17,268	376,841
Des Moines	2.00%	292,161	(113,182)	18,288	197,267
Federal Way	24.00%	3,676,724	(1,204,461)	148,312	2,620,575
Renton	29.00%	4,220,405	(1,134,356)	136,621	3,222,670
SeaTac	5.00%	712,666	(240,723)	26,524	498,467
Tukwila	7.00%	1,080,470	(326,032)	34,103	788,541
Grand Totals	100.00%	\$ 14,741,071	\$ (4,223,216)	\$ 518,283	\$ 11,036,138

Completed financial statements for SCORE and SCORE PDA can be obtained at SCORE, 20817 17<sup>th</sup> Avenue South, Des Moines, WA 98198.

Since the obligation to fund future joint venture-related debt is separately reported as due to other governments, the investment in joint ventures is reported as a combination of this debt with the current reported equity in joint ventures as follows:

	Investment in Joint Ventures					
	Balance 12/31/2014	GASB 68 Adjustment	Restated Balance	Additions	Reductions	Balance 12/31/2015
Valley Communication Public Dev Auth	\$ 220,000	\$ -	\$ 220,000	\$ -	\$ (220,000)	\$ -
SCORE Public Development Authority	24,917,800	-	24,917,800	-	(640,150)	24,277,650
Due to Other Governments	25,137,800	-	25,137,800	-	(860,150)	24,277,650
Valley Communications Center	5,079,377	(1,781,244)	3,298,133	555,096	-	3,853,229
South Correctional Entity (SCORE)	4,243,234	(1,048,624)	3,194,610	137,167	-	3,331,777
Equity Share	9,322,611	(2,829,868)	6,492,743	692,263	-	7,185,006
Total Investment in Joint Ventures						<u>\$ 31,462,656</u>

## **NOTE 16 – JOINTLY GOVERNED ORGANIZATION / RELATED PARTY**

Residents of the cities of Auburn, Algona and Pacific approved in the November 7, 2006 general election the creation of a regional fire authority pursuant to RCW 52.26. The new regional fire protection service authority, called the Valley Regional Fire Authority (VRFA), provides first responder fire and emergency medical services to residents of Auburn, Algona and Pacific. The VRFA is a new municipal corporation, with its own Governing Board, and is legally separate from the three cities it serves. The Governing Board of the VRFA consists of the Mayors of the three cities within the VRFA service area, as well as two Councilmembers from each city. Membership on the Governing Board is made by appointment from the city council of the respective member cities. Effective January 1, 2007, all personnel, assets, equipment and contractual obligations of the former Auburn Fire Department were transferred to the VRFA. Similar transfers were made by the cities of Algona and Pacific.

In accordance with the interlocal agreement at time of formation, each member city retained its obligation for LEOFF 1 firefighter and Fire Relief and Pension Plan obligations. During 2015 Auburn paid \$8,748, for the employer's share of active LEOFF 1 firefighter medical premiums and benefit payments. Premium and benefit payments for retired LEOFF 1 firefighters for 2015 were \$186,860. Medical premiums and benefit payments made under the Fire Relief and Pension Plan for 2015 were \$119,698.

## **NOTE 17 – CONTINGENCIES AND LITIGATIONS**

As of December 31, 2015, a number of claims were pending against the City for damages and legal actions. While the outcome of these actions is uncertain, no uncovered losses are anticipated at this time with these pending claims. In the event of a liability finding against the City, it is anticipated that any potential adverse judgment against the City also would be subject to coverage under the City's general liability insurance.

The City participates in a number of federal and state assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. The City's management believes that such disallowances, if any, will be immaterial.

## **NOTE 18 – RISK MANAGEMENT & INSURANCE**

### **Risk Management**

The City is exposed to various risks of loss such as: theft and damage and destruction of assets, errors and omissions, injuries or property damage to others, employees' health, and natural disasters. All risk financing activities are accounted for in the Insurance internal service fund. To insure against risks of loss the City of Auburn is a member of the Washington Cities Insurance Authority (WCIA).

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 179 Members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$4 million per occurrence self-insured layer, and \$16 million per occurrence in the re-insured excess layer. The excess layer is insured

by the purchase of reinsurance and insurance and is subject to aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sublimits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members’ deductible to \$750,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

In-house services include risk management consultation, loss control field services, claims and litigation administration, and loss analyses. WCIA contracts for the claims investigation consultants for personnel issues and land use problems, insurance brokerage, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA’s assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

No settlement has exceeded insurance coverage over the past three years.

**Workers’ Compensation**

Title 51 RCW requires the City to ensure payment of benefits for job-related injuries and diseases through the Workers’ Compensation fund or through self-insurance. The City become self-insured for worker’s compensation in 2014. Contributions are made from the operating funds. At December 31, 2015 fund equity was \$772,416.

**NOTE 19 – SUBSEQUENT EVENTS**

On March 23, 2016 the City issued a refunding bond in the amount of \$3,867,214. The refunding bond proceeds were used to establish an escrow fund and refund \$680,000 (par value) of the 2005 LTGO and \$3,005,000 (par value) of the 2006A LTGO’s. The 2005 LTGO was refunded in its entirety and the 2006A bonds were partially refunded, leaving one \$265,000 (par value) payment due on December 1, 2016.

The Net Present Value Savings achieved was \$395,656 or 10.23%.

The refunding bond proceeds were applied as follows:

State and Local Government securities (SLGS)	
investments for deposit into an escrow account	\$ 3,820,569
Bond issuance costs	46,645
Total	\$ 3,867,214

The refunding bond matures on 12/31/2025.

REQUIRED SUPPLEMENTARY INFORMATION  
**Schedule of Proportionate Share of the Net Pension Liability**  
**PERS 1**  
**As of June 30, 2015**  
 Last 10 Fiscal Years\*

	2015
Employer's proportion of the net pension liability (asset)	0.192878%
Employer's proportionate share of the net pension liability	\$ 10,089,313
Employer's covered employee payroll	\$ 328,015
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	3075.87%
Plan fiduciary net position as a percentage of the total pension liability	59.10%

\* Information available for 2015 only

**Schedule of Proportionate Share of the Net Pension Liability**  
**PERS 2/3**  
**As of June 30, 2015**  
 Last 10 Fiscal Years\*

	2015
Employer's proportion of the net pension liability (asset)	0.241739%
Employer's proportionate share of the net pension liability	\$ 8,637,472
Employer's covered employee payroll	\$ 21,460,504
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	40.25%
Plan fiduciary net position as a percentage of the total pension liability	89.20%

\* Information available for 2015 only

REQUIRED SUPPLEMENTARY INFORMATION  
**Schedule of Proportionate Share of the Net Pension Liability**  
**LEOFF 1**  
**As of June 30, 2015**  
 Last 10 Fiscal Years\*

	2015
Employer's proportion of the net pension liability (asset)	0.103718%
Employer's proportionate share of the net pension liability	\$ (1,250,031)
Employer's covered employee payroll	\$ 0
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability	127.36%

\* Information available for 2015 only

**Schedule of Proportionate Share of the Net Pension Liability**  
**LEOFF 2**  
**As of June 30, 2015**  
 Last 10 Fiscal Years\*

	2015
Employer's proportion of the net pension liability (asset)	0.354511%
Employer's proportionate share of the net pension liability	\$ (2,193,486)
State's proportionate share of the net pension liability (asset) associated with the employer	\$ (1,450,178)
TOTAL	\$ (3,643,664)
Employer's covered employee payroll	\$ 10,336,409
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability	111.67%

\* Information available for 2015 only

REQUIRED SUPPLEMENTARY INFORMATION  
**Schedule of Employer Contributions**  
**PERS 1**  
**As of December 31 2015**  
 Last 10 Fiscal Years\*

		2015
Statorily or contractually required contributions	\$	30,642
Contributions in relation to the statorily or contractually required contributions	\$	(30,642)
Contribution deficiency (excess)	\$	0
Covered employer payroll	\$	306,408
Contributions as a percentage of covered employee payroll		10.00%

\* Information available for 2015 only

**Schedule of Employer Contributions**  
**PERS 2/3**  
**As of December 31 2015**  
 Last 10 Fiscal Years\*

		2015
Statorily or contractually required contributions	\$	2,258,109
Contributions in relation to the statorily or contractually required contributions	\$	(2,258,109)
Contribution deficiency (excess)	\$	0
Covered employer payroll	\$	22,130,501
Contributions as a percentage of covered employee payroll		10.20%

\* Information available for 2015 only

## REQUIRED SUPPLEMENTARY INFORMATION

**Schedule of Employer Contributions****LEOFF 2****As of December 31 2015**

Last 10 Fiscal Years\*

		<u>2015</u>
<u>Statorily or contractually required contributions</u>	\$	551,812
<u>Contributions in relation to the statorily or contractually required contributions</u>	\$	<u>(551,812)</u>
<u>Contribution deficiency (excess)</u>	\$	<u><u>0</u></u>
<u>Covered employer payroll</u>	\$	10,553,437
<u>Contributions as a percentage of covered employee payroll</u>	%	5.23%

\* Information available for 2015 only

The information presented in the following required schedules was determined as part of the actuarial valuations at the dates indicated.

**Firefighter's Pension Fund**  
**January 1, 2015**

**GASB STATEMENTS No. 25, No. 27 and No. 50 SCHEDULE OF FUNDING PROGRESS**  
(rounded to thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities - Entry Age	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2003	3,514	2,428	(1,086)	144.73%	61	(1780%)
January 1, 2005	3,160	2,172	(988)	145.00%	64	(1544%)
January 1, 2007	2,868	2,802	(66)	102.00%	-	N/A
January 1, 2009	2,941	1,878	(1,063)	157.00%	-	N/A
January 1, 2011	2,780	3,052	272	91.00%	-	N/A
January 1, 2013	2,552	3,387	835	75.00%	-	N/A
January 1, 2015	2,609	3,130	521	83.00%	-	N/A

This plan primarily covers inactive participants. There are no current member contributions.

**GASB STATEMENT No. 25 SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ending 12/31	Employer Contributions*	Fire Insurance Premiums	Total Employer Contributions*	Annual Required Contributions (ARC)	Percentage of ARC Contributions
2010	(14,496)	63,545	49,049	(78,233)	N/A
2011	(22,901)	66,375	43,474	21,469	202%
2012	(14,825)	63,205	48,380	21,469	225%
2013	(17,710)	70,036	52,326	70,351	74%
2014	219,619	77,558	297,177	70,351	422%
2015	(19,736)	75,702	55,966	47,670	117%

\* Employer contributions for pensions are total contributions to the Fund net of disbursements from the Fund for medical expenses under RCW 41.26.150 and administrative expenses.

**Retiree Medical and Long-Term Care Benefits  
For LEOFF 1 Employees  
December 31, 2015**

**GAS B STATEMENTS No. 43 and No. 45  
SCHEDULE OF FUNDING PROGRESS  
(rounded to thousands)**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liabilities (UAAI)	Funded Ratio	Covered Payroll	UAAI as a Percentage of Covered Payroll
January 1, 2008	-	20,738	20,738	0%	N/A	N/A
January 1, 2011	-	26,482	26,482	0%	N/A	N/A
January 1, 2014	-	26,246	26,246	0%	N/A	N/A

**GASB STATEMENT No. 43 SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ending 12/31	Employer Contributions	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2010	1,048,494	1,712,223	61%
2011	1,095,684	2,197,396	50%
2012	1,104,259	2,197,396	50%
2013	1,124,809	2,197,396	51%
2014	793,286	2,285,629	35%
2015	909,657	2,285,629	40%

## NON-MAJOR GOVERNMENTAL FUNDS

The City has four types of Non-Major Governmental Funds.

### **Special Revenue Funds**

Special revenue funds account for the proceeds of specific revenue sources and are segregated into individual funds to ensure that expenditures are made exclusively for qualified purposes. Special revenue funds are accounted for on a modified accrual basis. Biennial budgets are adopted with appropriations lapsing at year-end.

### **Debt Service Funds**

Debt service funds account for payments of principal and interest on general obligation and special assessment long-term debt.

### **Capital Project Funds**

Capital project funds account for the City of Auburn's financial resources used for the acquisition or construction of major non-proprietary capital facilities.

### **Permanent Funds**

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support City programs that are for the benefit of the City or its citizens.

City of Auburn, Washington  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENT FUNDS**  
December 31, 2015

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 10,397,399	\$ 13,278	\$ 782,858	\$ 1,686,280	\$ 12,879,815
Receivables:					
Customer Accounts	132,013	-	-	-	132,013
Other Receivables	325,941	-	-	-	325,941
Special Assessments	-	15,899	-	-	15,899
Due From Other Governmental Units	109,598	-	1,642,813	-	1,752,411
Total Assets	<u>10,964,951</u>	<u>29,177</u>	<u>2,425,671</u>	<u>1,686,280</u>	<u>15,106,079</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES:</b>					
Liabilities:					
Current Payables	186,885	-	897,180	-	1,084,065
Interfund Payable (Note 5)	-	-	400,000	-	400,000
Other Liabilities Payable	118,137	-	-	-	118,137
Total Liabilities	<u>305,022</u>	<u>-</u>	<u>1,297,180</u>	<u>-</u>	<u>1,602,202</u>
Deferred Inflow of Resources:					
Unavailable Revenue-Special Assessments	-	15,899	-	-	15,899
Total Deferred Inflow of Resources	<u>-</u>	<u>15,899</u>	<u>-</u>	<u>-</u>	<u>15,899</u>
Fund Balances:					
Nonspendable	-	-	-	1,585,707	1,585,707
Restricted	6,633,154	13,278	663,940	-	7,310,372
Committed	3,658,719	-	-	-	3,658,719
Assigned	368,056	-	464,551	100,573	933,180
Total Fund Balances	<u>10,659,929</u>	<u>13,278</u>	<u>1,128,491</u>	<u>1,686,280</u>	<u>13,487,978</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 10,964,951</u>	<u>\$ 29,177</u>	<u>\$ 2,425,671</u>	<u>\$ 1,686,280</u>	<u>\$ 15,106,079</u>

City of Auburn, Washington  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENT FUNDS**  
For the Year Ended December 31, 2015

	Total Nonmajor Special Revenue	Total Nonmajor Debt Service	Total Nonmajor Capital Projects	Total Nonmajor Permanent	Total Nonmajor Governmental
<b>REVENUES:</b>					
Taxes:					
Property	\$ -	\$ -	\$ 137,690	\$ -	\$ 137,690
Retail Sales & Use	2,296,863	255,695	-	-	2,552,558
Interfund Utility	608,690	-	-	-	608,690
Utility	1,389,924	-	-	-	1,389,924
Excise	111,126	-	-	-	111,126
Other	70,972	-	-	-	70,972
Intergovernmental	524,876	499,547	2,422,479	-	3,446,902
Charges for Services	2,284,182	-	10,409	41,559	2,336,150
Special Assessments	-	7,494	-	-	7,494
Investment Earnings	16,643	1,816	959	5,073	24,491
Miscellaneous	91,374	-	42,944	-	134,318
Total Revenues	<u>7,394,650</u>	<u>764,552</u>	<u>2,614,481</u>	<u>46,632</u>	<u>10,820,315</u>
<b>EXPENDITURES:</b>					
Current:					
Security of Persons & Property	676,684	-	-	-	676,684
Transportation	6,427,552	-	-	-	6,427,552
Economic Environment	548,275	-	-	-	548,275
Cultural and Recreation	-	-	49	-	49
Debt Service:					
Principal	-	1,245,677	-	-	1,245,677
Interest	-	1,743,813	-	-	1,743,813
Capital Outlay	-	-	3,036,516	-	3,036,516
Total Expenditures	<u>7,652,511</u>	<u>2,989,490</u>	<u>3,036,565</u>	<u>-</u>	<u>13,678,566</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(257,861)</u>	<u>(2,224,938)</u>	<u>(422,084)</u>	<u>46,632</u>	<u>(2,858,251)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In (Note 5)	750,000	2,227,252	464,866	-	3,442,118
Transfers Out (Note 5)	(775,627)	(23,892)	-	(30,000)	(829,519)
Total Other Financing Sources (Uses)	<u>(25,627)</u>	<u>2,203,360</u>	<u>464,866</u>	<u>(30,000)</u>	<u>2,612,599</u>
Net Change in Fund Balances	<u>(283,488)</u>	<u>(21,578)</u>	<u>42,782</u>	<u>16,632</u>	<u>(245,652)</u>
Fund Balances - Beginning	10,943,417	34,856	1,085,709	1,669,648	13,733,630
Fund Balances - Ending	<u>\$ 10,659,929</u>	<u>\$ 13,278</u>	<u>\$ 1,128,491</u>	<u>\$ 1,686,280</u>	<u>\$ 13,487,978</u>



## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

Special revenue funds account for the proceeds of specific revenue sources and are segregated into individual funds to ensure that expenditures are made exclusively for qualified purposes. Special revenue funds are accounted for on a modified accrual basis. Annual budgets are adopted with appropriations lapsing each year of the biennium. The City has eight non-major special revenue funds.

#### **The Local Street Fund**

This fund was created when Auburn voters approved the Save Our Streets lid lift in 2004 and is used to account for all revenues and expenditures related to this initiative.

#### **Hotel/Motel Tax Fund**

This fund was created to account for the hotel/motel taxes levied to support City tourist promotion.

#### **Arterial Street Preservation Fund**

This fund was created to repair classified arterial streets and is funded from a one percent utility tax increase that was adopted by Council in 2008.

#### **Drug Forfeiture Fund**

Money seized and forfeited from drug activity is deposited in this fund to be used exclusively for drug investigation and enforcement.

#### **The Housing and Community Development Fund**

Accounts for projects associated with the Community Development Block Grant program.

#### **The Recreational Trails Fund**

Created for the purpose of trail development. This is a tax-supported fund.

#### **The Business Improvement Area Fund**

Accounts for special assessments on downtown merchants for ongoing services and for improvements made to the downtown area.

#### **Mitigation Fees**

Accounts for the receipt of contracted mitigation fees for streets and fire service.

City of Auburn, Washington  
**COMBINING BALANCE SHEET**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
December 31, 2015

Page 1 of 2

	Local Streets	Hotel/ Motel Tax	Arterial Street Preservation	Drug Forfeiture	Housing Community Development
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 2,097,382	\$ 203,793	\$ 1,483,454	\$ 444,833	\$ 44,608
Receivables:					
Customer Accounts	-	-	132,013	-	-
Other Receivables	-	-	325,941	-	-
Due From Other Governmental Units	-	-	17,615	9,752	82,231
Total Assets	<u>2,097,382</u>	<u>203,793</u>	<u>1,959,023</u>	<u>454,585</u>	<u>126,839</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
Liabilities:					
Current Payables	16,692	2,500	15,159	10,761	81,935
Other Liabilities Payable	-	-	-	-	-
Total Liabilities	<u>16,692</u>	<u>2,500</u>	<u>15,159</u>	<u>10,761</u>	<u>81,935</u>
Fund Balances:					
Restricted	-	201,293	76,680	443,161	44,904
Committed	1,927,047	-	1,731,672	-	-
Assigned	153,643	-	135,512	663	-
Total Fund Balances	<u>2,080,690</u>	<u>201,293</u>	<u>1,943,864</u>	<u>443,824</u>	<u>44,904</u>
Total Liabilities and Fund Balances	<u>\$ 2,097,382</u>	<u>\$ 203,793</u>	<u>\$ 1,959,023</u>	<u>\$ 454,585</u>	<u>\$ 126,839</u>

Recreational Trails	Business Improvement Area	Mitigation Fees	Total Nonmajor Special Revenue Funds
\$ 42,529	\$ 52,442	\$ 6,028,358	\$ 10,397,399
-	-	-	132,013
-	-	-	325,941
-	-	-	109,598
<u>42,529</u>	<u>52,442</u>	<u>6,028,358</u>	<u>10,964,951</u>
-	3,987	55,851	186,885
-	-	118,137	118,137
-	<u>3,987</u>	<u>173,988</u>	<u>305,022</u>
42,466	48,395	5,776,255	6,633,154
-	-	-	3,658,719
63	60	78,115	368,056
<u>42,529</u>	<u>48,455</u>	<u>5,854,370</u>	<u>10,659,929</u>
<u>\$ 42,529</u>	<u>\$ 52,442</u>	<u>\$ 6,028,358</u>	<u>\$ 10,964,951</u>

City of Auburn, Washington  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended December 31, 2015

Page 1 of 2

	Local Streets	Hotel/ Motel Tax	Arterial Street Preservation	Drug Forfeiture	Housing Community Development
<b>REVENUES:</b>					
Taxes:					
Retail Sales & Use	\$ 2,296,863	\$ -	\$ -	\$ -	\$ -
Interfund Utility	-	-	608,690	-	-
Utility	-	-	1,389,924	-	-
Excise	-	111,126	-	-	-
Other	-	-	-	-	-
Intergovernmental	-	-	76,680	24,374	417,312
Charges for Services	-	-	132,013	4,276	-
Investment Earnings	3,644	286	3,499	663	-
Miscellaneous	-	-	-	91,374	-
<b>Total Revenues</b>	<u>2,300,507</u>	<u>111,412</u>	<u>2,210,806</u>	<u>120,687</u>	<u>417,312</u>
<b>EXPENDITURES:</b>					
Current:					
Security of Persons and Property	-	-	-	216,684	-
Transportation	2,412,416	-	4,015,136	-	-
Economic Environment	-	77,015	-	-	417,312
Total Expenditures	<u>2,412,416</u>	<u>77,015</u>	<u>4,015,136</u>	<u>216,684</u>	<u>417,312</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(111,909)</u>	<u>34,397</u>	<u>(1,804,330)</u>	<u>(95,997)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In (Note 5)	150,000	-	600,000	-	-
Transfers Out (Note 5)	(378)	-	(32,786)	-	-
Total Other Financing Sources (Uses)	<u>149,622</u>	<u>-</u>	<u>567,214</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>37,713</u>	<u>34,397</u>	<u>(1,237,116)</u>	<u>(95,997)</u>	<u>-</u>
Fund Balances - Beginning	2,042,977	166,896	3,180,980	539,821	44,904
Fund Balances - Ending	<u>\$ 2,080,690</u>	<u>\$ 201,293</u>	<u>\$ 1,943,864</u>	<u>\$ 443,824</u>	<u>\$ 44,904</u>

Page 2 of 2

Recreational Trails	Business Improvement Area	Mitigation Fees	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ 2,296,863
-	-	-	608,690
-	-	-	1,389,924
-	-	-	111,126
-	70,972	-	70,972
6,510	-	-	524,876
-	-	2,147,893	2,284,182
63	60	8,428	16,643
-	-	-	91,374
<u>6,573</u>	<u>71,032</u>	<u>2,156,321</u>	<u>7,394,650</u>
-	-	460,000	676,684
-	-	-	6,427,552
-	53,948	-	548,275
-	<u>53,948</u>	<u>460,000</u>	<u>7,652,511</u>
<u>6,573</u>	<u>17,084</u>	<u>1,696,321</u>	<u>(257,861)</u>
-	-	-	750,000
-	-	(742,463)	(775,627)
-	-	<u>(742,463)</u>	<u>(25,627)</u>
<u>6,573</u>	<u>17,084</u>	<u>953,858</u>	<u>(283,488)</u>
<u>35,956</u>	<u>31,371</u>	<u>4,900,512</u>	<u>10,943,417</u>
<u>\$ 42,529</u>	<u>\$ 48,455</u>	<u>\$ 5,854,370</u>	<u>\$ 10,659,929</u>

City of Auburn, Washington  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**LOCAL STREETS SPECIAL REVENUE FUND**  
For the Year Ended December 31, 2015

	Budget Amounts		Actual Results	Variance with Final Budget Positive (Negative)
	Original (GAAP Basis)	Final Adopted (GAAP Basis)		
<b>REVENUES:</b>				
Taxes:				
Property	\$ 1,600,000	\$ 1,600,000	\$ 2,296,863	\$ 696,863
Investment Earnings	2,500	2,500	3,644	1,144
Total Revenues	<u>1,602,500</u>	<u>1,602,500</u>	<u>2,300,507</u>	<u>698,007</u>
<b>EXPENDITURES:</b>				
Current:				
Transportation	2,600,000	3,360,000	2,412,416	947,584
Total Expenditures	<u>2,600,000</u>	<u>3,360,000</u>	<u>2,412,416</u>	<u>947,584</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(997,500)</u>	<u>(1,757,500)</u>	<u>(111,909)</u>	<u>1,645,591</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In (Note 5)	150,000	150,000	150,000	-
Transfers Out (Note 5)	-	(10,053)	(378)	9,675
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>139,947</u>	<u>149,622</u>	<u>9,675</u>
Net Change in Fund Balances	<u>(847,500)</u>	<u>(1,617,553)</u>	<u>37,713</u>	<u>1,655,266</u>
Fund Balances - Beginning	1,196,068	2,042,977	2,042,977	-
Fund Balances - Ending	<u>\$ 348,568</u>	<u>\$ 425,424</u>	<u>\$ 2,080,690</u>	<u>\$ 1,655,266</u>

City of Auburn, Washington  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**HOTEL/MOTEL TAX SPECIAL REVENUE FUND**  
For the Year Ended December 31, 2015

	Budget Amounts		Actual Results	Variance with Final Budget Positive (Negative)
	Original (GAAP Basis)	Final Adopted (GAAP Basis)		
<b>REVENUES:</b>				
Taxes:				
Excise	\$ 87,900	\$ 87,900	\$ 111,126	\$ 23,226
Charges for Services	6,000	6,000	-	(6,000)
Investment Earnings	140	140	286	146
Total Revenues	<u>94,040</u>	<u>94,040</u>	<u>111,412</u>	<u>17,372</u>
<b>EXPENDITURES:</b>				
Current:				
Economic Environment	86,000	106,000	77,015	28,985
Total Expenditures	<u>86,000</u>	<u>106,000</u>	<u>77,015</u>	<u>28,985</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>8,040</u>	<u>(11,960)</u>	<u>34,397</u>	<u>46,357</u>
Net Change in fund Balances	<u>8,040</u>	<u>(11,960)</u>	<u>34,397</u>	<u>46,357</u>
Fund Balances - Beginning	139,991	166,896	166,896	-
Fund Balances - Ending	<u>\$ 148,031</u>	<u>\$ 154,936</u>	<u>\$ 201,293</u>	<u>\$ 46,357</u>

City of Auburn, Washington  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**ARTERIAL STREET PRESERVATION SPECIAL REVENUE FUND**  
For the Year Ended December 31, 2015

	Budget Amounts		Actual Results	Variance with Final Budget Positive (Negative)
	Original (GAAP Basis)	Final Adopted (GAAP Basis)		
<b>REVENUES:</b>				
Taxes:				
Interfund Utility	\$ 578,000	\$ 578,000	\$ 608,690	\$ 30,690
Utility	1,475,200	1,475,200	1,389,924	(85,276)
Intergovernmental	80,000	80,000	76,680	(3,320)
Charges for Services	-	190,000	132,013	(57,987)
Investment Earnings	1,500	1,500	3,499	1,999
Total Revenues	<u>2,134,700</u>	<u>2,324,700</u>	<u>2,210,806</u>	<u>(113,894)</u>
<b>EXPENDITURES:</b>				
Current:				
Transportation	2,109,999	5,675,292	4,015,136	1,660,156
Total Expenditures	<u>2,109,999</u>	<u>5,675,292</u>	<u>4,015,136</u>	<u>1,660,156</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>24,701</u>	<u>(3,350,592)</u>	<u>(1,804,330)</u>	<u>1,546,262</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In (Note 5)	-	612,340	600,000	(12,340)
Transfers Out (Note 5)	(85,410)	(95,463)	(32,786)	62,677
Total Other Financing Sources (Uses)	<u>(85,410)</u>	<u>516,877</u>	<u>567,214</u>	<u>50,337</u>
Net Change in Fund Balances	<u>(60,709)</u>	<u>(2,833,715)</u>	<u>(1,237,116)</u>	<u>1,596,599</u>
Fund Balances - Beginning	521,910	3,180,980	3,180,980	-
Fund Balances - Ending	<u>\$ 461,201</u>	<u>\$ 347,265</u>	<u>\$ 1,943,864</u>	<u>\$ 1,596,599</u>

City of Auburn, Washington  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**DRUG FORFEITURE SPECIAL REVENUE FUND**  
For the Year Ended December 31, 2015

	Budget Amounts		Actual Results	Variance with Final Budget Positive (Negative)
	Original (GAAP Basis)	Final Adopted (GAAP Basis)		
<b>REVENUES:</b>				
Taxes:				
Intergovernmental	\$ 36,400	\$ 36,400	\$ 24,374	\$ (12,026)
Charges for Services	-	-	4,276	4,276
Investment Earnings	700	700	663	(37)
Miscellaneous	60,000	60,000	91,374	31,374
Total Revenues	<u>97,100</u>	<u>97,100</u>	<u>120,687</u>	<u>23,587</u>
<b>EXPENDITURES:</b>				
Current:				
Security of Persons & Property	<u>304,448</u>	<u>304,448</u>	<u>216,684</u>	<u>87,764</u>
Total Expenditures	<u>304,448</u>	<u>304,448</u>	<u>216,684</u>	<u>87,764</u>
<b>Excess (Deficiency of Revenues Over (Under) Expenditures</b>	<u>(207,348)</u>	<u>(207,348)</u>	<u>(95,997)</u>	<u>111,351</u>
Net Change in Fund Balances	<u>(207,348)</u>	<u>(207,348)</u>	<u>(95,997)</u>	<u>111,351</u>
Fund Balances - Beginning	<u>505,405</u>	<u>539,821</u>	<u>539,821</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 298,057</u>	<u>\$ 332,473</u>	<u>\$ 443,824</u>	<u>\$ 111,351</u>

City of Auburn, Washington  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**HOUSING & COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND**  
For the Year Ended December 31, 2015

	Budget Amounts		Actual Results	Variance with Final Budget Positive (Negative)
	Original (GAAP Basis)	Final Adopted (GAAP Basis)		
<b>REVENUES:</b>				
Intergovernmental	\$ 450,000	\$ 450,000	\$ 417,312	\$ (32,688)
Total Revenues	<u>450,000</u>	<u>450,000</u>	<u>417,312</u>	<u>(32,688)</u>
<b>EXPENDITURES:</b>				
Current:				
Economic Environment	440,000	440,000	417,312	22,688
Total Expenditures	<u>440,000</u>	<u>440,000</u>	<u>417,312</u>	<u>22,688</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
Net Change in Fund Balances	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
Fund Balances - Beginning	27,371	44,904	44,904	-
Fund Balances - Ending	<u>\$ 37,371</u>	<u>\$ 54,904</u>	<u>\$ 44,904</u>	<u>\$ (10,000)</u>

City of Auburn, Washington  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**RECREATION TRAILS SPECIAL REVENUE FUND**  
For the Year Ended December 31, 2015

	Budget Amounts		Actual Results	Variance with Final Budget Positive (Negative)
	Original (GAAP Basis)	Final Adopted (GAAP Basis)		
<b>REVENUES:</b>				
Intergovernmental	\$ 7,100	\$ 7,100	\$ 6,510	\$ (590)
Investment Earnings	30	30	63	33
Total Revenues	<u>7,130</u>	<u>7,130</u>	<u>6,573</u>	<u>(557)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>7,130</u>	<u>7,130</u>	<u>6,573</u>	<u>(557)</u>
Net Change in Fund Balances	<u>7,130</u>	<u>7,130</u>	<u>6,573</u>	<u>(557)</u>
Fund Balances - Beginning	36,717	35,956	35,956	-
Fund Balances - Ending	<u>\$ 43,847</u>	<u>\$ 43,086</u>	<u>\$ 42,529</u>	<u>\$ (557)</u>

City of Auburn, Washington  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**BUSINESS IMPROVEMENT AREA SPECIAL REVENUE FUND**  
For the Year Ended December 31, 2015

	Budget Amounts		Actual Results	Variance with Final Budget Positive (Negative)
	Original (GAAP Basis)	Final Adopted (GAAP Basis)		
<b>REVENUES:</b>				
Taxes:				
Other	\$ 55,000	\$ 55,000	\$ 70,972	\$ 15,972
Investment Earnings	60	60	60	-
Total Revenues	<u>55,060</u>	<u>55,060</u>	<u>71,032</u>	<u>15,972</u>
<b>EXPENDITURES:</b>				
Current:				
Economic Environment	55,000	55,000	53,948	1,052
Total Expenditures	<u>55,000</u>	<u>55,000</u>	<u>53,948</u>	<u>1,052</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>60</u>	<u>60</u>	<u>17,084</u>	<u>17,024</u>
Net Change in Fund Balances	<u>60</u>	<u>60</u>	<u>17,084</u>	<u>17,024</u>
Fund Balances - Beginning	41,212	31,371	31,371	-
Fund Balances - Ending	<u>\$ 41,272</u>	<u>\$ 31,431</u>	<u>\$ 48,455</u>	<u>\$ 17,024</u>

City of Auburn, Washington  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**CUMULATIVE RESERVE SPECIAL REVENUE FUND**  
For the Year Ended December 31, 2015

	Budget Amounts		Actual Results	Variance with Final Budget Positive (Negative)
	Original (GAAP Basis)	Final Adopted (GAAP Basis)		
<b>REVENUES:</b>				
Investment Earnings	\$ 14,100	\$ 14,100	\$ 15,717	\$ 1,617
Total Revenues	<u>14,100</u>	<u>14,100</u>	<u>15,717</u>	<u>1,617</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>14,100</u>	<u>14,100</u>	<u>15,717</u>	<u>1,617</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In (Note 5)	1,300,000	2,800,000	2,800,000	-
Transfers Out (Note 5)	(658,000)	(658,000)	(430,106)	227,894
Total Other Financing Sources (Uses)	<u>642,000</u>	<u>2,142,000</u>	<u>2,369,894</u>	<u>227,894</u>
Net Change in Fund Balances	<u>656,100</u>	<u>2,156,100</u>	<u>2,385,611</u>	<u>229,511</u>
Fund Balances - Beginning	<u>5,582,204</u>	<u>5,599,686</u>	<u>5,599,686</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 6,238,304</u>	<u>\$ 7,755,786</u>	<u>\$ 7,985,297</u>	<u>\$ 229,511</u>

**RECONCILIATION OF PERSPECTIVE DIFFERENCE BETWEEN BUDGETARY INFORMATION AND  
GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP):**

The Cumulative Reserve Fund is combined with  
the General Fund for purposes of GASB Statement 54

(7,985,297)

Fund Balance - Ending (GAAP)

\$ -

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

City of Auburn, Washington  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**MITIGATION SPECIAL REVENUE FUND**  
For the Year Ended December 31, 2015

	Budget Amounts		Actual Results	Variance with Final Budget Positive (Negative)
	Original (GAAP Basis)	Final Adopted (GAAP Basis)		
<b>REVENUES:</b>				
Charges for Services	\$ 990,000	\$ 990,000	\$ 2,147,893	\$ 1,157,893
Investment Earnings	4,890	4,890	8,428	3,538
Total Revenues	<u>994,890</u>	<u>994,890</u>	<u>2,156,321</u>	<u>1,161,431</u>
<b>EXPENDITURES:</b>				
Current:				
Security of Person & Property	460,000	460,000	460,000	-
Total Expenditures	<u>460,000</u>	<u>460,000</u>	<u>460,000</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>534,890</u>	<u>534,890</u>	<u>1,696,321</u>	<u>1,161,431</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In (Note 5)	-	400,000	-	(400,000)
Transfers Out (Note 5)	(3,126,423)	(3,498,156)	(742,463)	2,755,693
Total Other Financing Sources (Uses)	<u>(3,126,423)</u>	<u>(3,098,156)</u>	<u>(742,463)</u>	<u>2,355,693</u>
Net Change in Fund Balances	<u>(2,591,533)</u>	<u>(2,563,266)</u>	<u>953,858</u>	<u>3,517,124</u>
Fund Balances - Beginning	5,205,964	4,900,512	4,900,512	-
Fund Balances - Ending	<u>\$ 2,614,431</u>	<u>\$ 2,337,246</u>	<u>\$ 5,854,370</u>	<u>\$ 3,517,124</u>

## NON-MAJOR GOVERNMENTAL FUNDS

### DEBT SERVICE FUNDS

Debt service funds account for payments of principal and interest on general obligation and special assessment long-term debt. The City of Auburn has two outstanding general obligation issues, and two special assessment funds.

#### **The 2010 A Series General Obligation Bonds (refunding portion)**

Accounts for debt service on a Council-approved bond issue to partially advance refund the 1998 General Obligation Library Bonds.

#### **The 2010 A Series (non-refunding portion) and B Series General Obligation Bonds**

Accounts for debt service on a Council-approved bond issue to finance acquisition costs of certain condominium units in the City Hall Annex.

#### **The 2010 C Series and 2010 D Series General Obligation Bonds**

Accounts for the debt service on a Council-approved bond issue to finance a portion of the downtown infrastructure improvements in the City's revitalization area.

#### **The 2006 General Obligation Bonds**

Accounts for the debt service on a Council-approved bond issue to finance improvements to the Auburn Golf Course including a pro shop, clubhouse, and related facilities. In addition, the bonds were used to construct and equip restaurant, banquet and related facilities for the restaurant located at the Auburn Golf Course.

#### **The L.I.D. Guarantee Fund**

This fund provides financial security for outstanding L.I.D. bonds and special assessment debt.

#### **Special Assessment Debt Fund**

Accounts for the special assessment collections and debt service payments for all local improvement districts located within the City.

City of Auburn, Washington  
**COMBINING BALANCE SHEET**  
**NON-MAJOR DEBT SERVICE FUNDS**  
 December 31, 2015

	GO Library Refunding Bond Debt	2010 A & B Annex	2010 C & D Local Revitalization	2006 Golf	LID Guarantee	Special Assessments	Total Nonmajor Debt Service Funds
<b>ASSETS:</b>							
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ 1,582	\$ 11,696	\$ 13,278
Receivables:							
Special Assessments	-	-	-	-	-	15,899	15,899
Total Assets	-	-	-	-	1,582	27,595	29,177
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES:</b>							
Deferred Inflows of Resources:							
Unavailable Revenue - Special Assessments	-	-	-	-	-	15,899	15,899
Total Deferred Inflows of Resources	-	-	-	-	-	15,899	15,899
Fund Balances:							
Restricted	-	-	-	-	1,582	11,696	13,278
Total Fund Balances	-	-	-	-	1,582	11,696	13,278
Total Liabilities, Deferred Inflows and Fund Balances	\$ -	\$ -	\$ -	\$ -	\$ 1,582	\$ 27,595	\$ 29,177

City of Auburn, Washington  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NON-MAJOR DEBT SERVICE FUNDS**  
For the Year Ended December 31, 2015

	GO Library Refunding Bond Debt	2010 A & B Annex	2010 C & D Local Revitalization	2006 Golf	L I D Guarantee	Special Assessments	Total Nonmajor Debt Service Funds
<b>REVENUES:</b>							
Taxes:							
Retail Sales & Use	\$ -	\$ -	\$ 255,695	\$ -	\$ -	\$ -	\$ 255,695
Special Assessments	-	-	-	-	-	7,494	7,494
Intergovernmental	-	377,675	121,872	-	-	-	499,547
Investment Earnings	38	-	155	7	29	1,587	1,816
Total Revenues	<u>38</u>	<u>377,675</u>	<u>377,722</u>	<u>7</u>	<u>29</u>	<u>9,081</u>	<u>764,552</u>
<b>EXPENDITURES:</b>							
Debt Service:							
Principal	235,000	535,000	220,000	250,000	-	5,677	1,245,677
Interest	44,500	1,160,917	374,617	162,211	-	1,568	1,743,813
Total Expenditures	<u>279,500</u>	<u>1,695,917</u>	<u>594,617</u>	<u>412,211</u>	<u>-</u>	<u>7,245</u>	<u>2,989,490</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(279,462)</u>	<u>(1,318,242)</u>	<u>(216,895)</u>	<u>(412,204)</u>	<u>29</u>	<u>1,836</u>	<u>(2,224,938)</u>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers In (Note 5)	279,462	1,318,242	216,895	412,204	449	-	2,227,252
Transfers Out (Note 5)	-	-	-	-	(23,443)	(449)	(23,892)
Total Other Financing Sources (Uses)	<u>279,462</u>	<u>1,318,242</u>	<u>216,895</u>	<u>412,204</u>	<u>(22,994)</u>	<u>(449)</u>	<u>2,203,360</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,965)</u>	<u>1,387</u>	<u>(21,578)</u>
Fund Balances - Beginning	-	-	-	-	24,547	10,309	34,856
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,582</u>	<u>\$ 11,696</u>	<u>\$ 13,278</u>



## NON-MAJOR GOVERNMENTAL FUNDS

### CAPITAL PROJECT FUNDS

Capital projects funds account for the City of Auburn's financial resources used for the acquisition or construction of major non-proprietary capital facilities. Auburn has two non-major capital project funds.

#### **The Municipal Park Construction Fund**

Accounts for park related construction activity and includes funding from a portion of field rental income and adult athletic team fees.

#### **The Local Revitalization Fund**

Accounts for the City Hall Plaza and the Downtown Promenade project.

City of Auburn, Washington  
**COMBINING BALANCE SHEET**  
**CAPITAL PROJECT FUNDS**  
 December 31, 2015

	Municipal Park Construction	Local Revitalization	Nonmajor Capital Project Funds
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 295,889	\$ 486,969	\$ 782,858
Due From Other Governmental Units	1,642,813	-	1,642,813
Total Assets	<u>1,938,702</u>	<u>486,969</u>	<u>2,425,671</u>
<b>LIABILITIES AND FUND BALANCES:</b>			
Liabilities:			
Current Payables	874,762	22,418	897,180
Interfund Payable (Note 5)	400,000	-	400,000
Total Liabilities	<u>1,274,762</u>	<u>22,418</u>	<u>1,297,180</u>
Fund Balances:			
Restricted	663,940	-	663,940
Assigned	-	464,551	464,551
Total Fund Balances	<u>663,940</u>	<u>464,551</u>	<u>1,128,491</u>
Total Liabilities and Fund Balances	<u>\$ 1,938,702</u>	<u>\$ 486,969</u>	<u>\$ 2,425,671</u>

City of Auburn, Washington  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**CAPITAL PROJECT FUNDS**  
For the Year Ended December 31, 2015

	Municipal Park Construction	Local Revitalization	Nonmajor Capital Project Funds
<b>REVENUES:</b>			
Taxes:			
Property	\$ 137,690	\$ -	\$ 137,690
Intergovernmental	2,422,479	-	2,422,479
Charges for Services	10,409	-	10,409
Investment Earnings	197	762	959
Miscellaneous	42,944	-	42,944
Total Revenues	<u>2,613,719</u>	<u>762</u>	<u>2,614,481</u>
<b>EXPENDITURES:</b>			
Cultural and Recreation	49	-	49
Capital Outlay	2,942,366	94,150	3,036,516
Total Expenditures	<u>2,942,415</u>	<u>94,150</u>	<u>3,036,565</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(328,696)</u>	<u>(93,388)</u>	<u>(422,084)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In (Note 5)	464,866	-	464,866
Total Other Financing Sources (Uses)	<u>464,866</u>	<u>-</u>	<u>464,866</u>
Net Change in Fund Balances	<u>136,170</u>	<u>(93,388)</u>	<u>42,782</u>
Fund Balances - Beginning	527,770	557,939	1,085,709
Fund Balances - Ending	<u>\$ 663,940</u>	<u>\$ 464,551</u>	<u>\$ 1,128,491</u>



## NON-MAJOR GOVERNMENTAL FUNDS

### PERMANENT FUNDS

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support City programs that are for the benefit of the City or its citizens. Auburn has one permanent fund.

#### **The Cemetery Endowed Care Fund**

Accounts for non-expendable investments held by the City's trustee. The interest income from investments is available for use by the cemetery fund for capital enhancement and maintenance.

City of Auburn, Washington  
**BALANCE SHEET**  
**PERMANENT FUND**  
 December 31, 2015

	Cemetery Endowed Care
<hr/>	
<b>ASSETS:</b>	
Cash and Cash Equivalents	
Non-Expendable Trust	\$ 1,686,280
Total Assets	<u>1,686,280</u>
<b>LIABILITIES AND FUND BALANCES:</b>	
<b>FUND BALANCES:</b>	
Nonspendable	1,585,707
Assigned	<u>100,573</u>
Total Fund Balances	<u>1,686,280</u>
Total Liabilities and Fund Balances	<u>\$ 1,686,280</u>

City of Auburn, Washington  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**PERMANENT FUND**  
 For the Year Ended December 31, 2015

		Cemetery Endowed Care
<hr/>		
<b>REVENUES:</b>		
Increase to Endowment from Lot Sales	\$	41,559
Investment Earnings		5,073
Total Revenues		<u>46,632</u>
 <b>EXPENDITURES:</b>		
Excess (Deficiency) of Revenues		
Over (Under) Expenditures		<u>46,632</u>
 <b>OTHER FINANCING SOURCES (USES):</b>		
Transfers Out (Note 5)		<u>(30,000)</u>
Total Other Financing Sources (Uses)		<u>(30,000)</u>
 Net Change in Fund Balance		<u>16,632</u>
Fund Balance - Beginning		<u>1,669,648</u>
Fund Balance - Ending	\$	<u><u>1,686,280</u></u>



## NON-MAJOR PROPRIETARY FUNDS

### ENTERPRISE FUNDS

The City's enterprise funds are used to account for operations that are financed and operated in a manner similar to private business operations. The goods and services these funds provide to the general public are primarily financed by service charges. Enterprise funds are self-supporting and use the accrual method of accounting. Auburn has two non-major enterprise funds.

#### **The Airport Fund**

Provides accounting of the activities of the Auburn Municipal Airport. Sources of income for the fund are leases, rentals, fuel charges, investment interest, and grant funding as available.

#### **The Cemetery Fund**

Accounts for Mountain View Cemetery's operations.

City of Auburn, Washington  
**COMBINING STATEMENT OF NET POSITION**  
**NON-MAJOR ENTERPRISE FUNDS**  
 December 31, 2015

	Airport	Cemetery	Total Nonmajor Enterprise Funds
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 712,138	\$ 413,141	\$ 1,125,279
Restricted Cash:			
Customer Deposits	70,920	-	70,920
Due From Other Governmental Units	43,505	-	43,505
Inventories	-	6,722	6,722
Total Current Assets	<u>826,563</u>	<u>419,863</u>	<u>1,246,426</u>
Noncurrent Assets:			
Capital Assets:			
Land	3,653,343	342,836	3,996,179
Buildings and Equipments	2,707,302	1,022,267	3,729,569
Improvements Other Than Buildings	9,616,999	1,160,718	10,777,717
Construction in Progress	342,239	-	342,239
Less: Accumulated Depreciation	<u>(6,676,863)</u>	<u>(1,467,279)</u>	<u>(8,144,142)</u>
Total Capital Assets (Net of A/D)	<u>9,643,020</u>	<u>1,058,542</u>	<u>10,701,562</u>
Total Noncurrent Assets	<u>9,643,020</u>	<u>1,058,542</u>	<u>10,701,562</u>
Total Assets	<u>10,469,583</u>	<u>1,478,405</u>	<u>11,947,988</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred Outflow from Bond Refunding	33,237	-	33,237
Deferred Outflow Related to Pensions	2,531	37,931	40,462
	<u>35,768</u>	<u>37,931</u>	<u>73,699</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Current Payables	89,038	44,217	133,255
Interfund Payables	183,395	-	183,395
Employee Leave Benefits - Current	2,502	15,539	18,041
General Obligation Bonds Payable - Current	150,000	-	150,000
Customer Deposits	70,314	-	70,314
Total Current Liabilities	<u>495,249</u>	<u>59,756</u>	<u>555,005</u>
Noncurrent Liabilities:			
Employee Leave Benefits	695	4,316	5,011
General Obligation Bonds Payable	543,487	-	543,487
Net Pension Liability	10,037	172,867	182,904
Total Noncurrent Liabilities	<u>554,219</u>	<u>177,183</u>	<u>731,402</u>
Total Liabilities	<u>1,049,468</u>	<u>236,939</u>	<u>1,286,407</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred Inflow Related to Pensions	2,710	41,822	44,532
<b>NET POSITION:</b>			
Net Investment in Capital Assets	8,982,770	1,058,542	10,041,312
Unrestricted	470,403	179,033	649,436
Total Net Position	<u>\$ 9,453,173</u>	<u>\$ 1,237,575</u>	<u>\$ 10,690,748</u>

City of Auburn, Washington  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**NON-MAJOR ENTERPRISE FUNDS**  
 For the Year Ended December 31, 2015

	Airport	Cemetery	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES:</b>			
Charges for Services	\$ 33,158	\$ 1,084,467	\$ 1,117,625
Other Operating Revenue	696,340	-	696,340
Total Operating Revenues	<u>729,498</u>	<u>1,084,467</u>	<u>1,813,965</u>
<b>OPERATING EXPENSES:</b>			
Operations & Maintenance	10,249	290,904	301,153
Administration	478,761	209,524	688,285
Depreciation/Amortization	468,031	50,796	518,827
Other Operating Expenses	41	12,865	12,906
Total Operating Expenses	<u>957,082</u>	<u>564,089</u>	<u>1,521,171</u>
Operating Income (Loss)	<u>(227,584)</u>	<u>520,378</u>	<u>292,794</u>
<b>NON-OPERATING REVENUE (EXPENSE):</b>			
Interest Revenue	1,238	607	1,845
Other Non-Operating Revenues	69,420	151	69,571
Other Non-Operating Expenses	(41,834)	-	(41,834)
Total Non-Operating Revenue (Expense)	<u>28,824</u>	<u>758</u>	<u>29,582</u>
Income (Loss) Before Contributions & Transfers	<u>(198,760)</u>	<u>521,136</u>	<u>322,376</u>
Transfers In (Note 5)	-	30,000	30,000
Change in Net Position	<u>(198,760)</u>	<u>551,136</u>	<u>352,376</u>
Net Position, January 1, as Previously Reported	9,662,547	870,261	10,532,808
Change in Accounting Principle	(10,614)	(183,822)	(194,436)
Net Position, January 1 restated	<u>9,651,933</u>	<u>686,439</u>	<u>10,338,372</u>
Net Position, December 31	<u>\$ 9,453,173</u>	<u>\$ 1,237,575</u>	<u>\$ 10,690,748</u>

City of Auburn, Washington  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR ENTERPRISE FUNDS**  
 For the Fiscal Year Ended December 31, 2015

	Airport	Cemetery	Total Non Major Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash Received From Users	\$ 747,990	\$ 1,084,467	\$ 1,832,457
Cash Paid to Suppliers for Goods & Services	(414,746)	(374,598)	(789,344)
Cash Paid for Taxes	(41)	(12,865)	(12,906)
Cash Paid to Employees	(36,075)	(627,913)	(663,988)
Other Cash Received	-	151	151
Net Cash Provided (Used) By Operating Activities	<u>297,128</u>	<u>69,242</u>	<u>366,370</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Interfund Loan Payable	(16,605)	-	(16,605)
Operating Grant Received	64,819	-	64,819
Other Non-Operating Revenue	4,380	-	4,380
Transfers from Other Funds	-	30,000	30,000
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>52,594</u>	<u>30,000</u>	<u>82,594</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Purchase of Capital Assets	(348,270)	(17,301)	(365,571)
Capital Grant	(20,479)	-	(20,479)
Principal Payment on Debt	(135,000)	-	(135,000)
Interest Payment on Debt	(36,675)	-	(36,675)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(540,424)</u>	<u>(17,301)</u>	<u>(557,725)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Interest Received	1,238	607	1,845
Net Cash Provided (Used) in Investing Activities	<u>1,238</u>	<u>607</u>	<u>1,845</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(189,464)</u>	<u>82,548</u>	<u>(106,916)</u>
Cash and Cash Equivalents - Beginning of Year	<u>972,522</u>	<u>330,593</u>	<u>1,303,115</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 783,058</u>	<u>\$ 413,141</u>	<u>\$ 1,196,199</u>
<b>CASH AT END OF YEAR CONSISTS OF:</b>			
Cash and Cash Equivalents	712,138	413,141	1,125,279
Restricted Cash - Customer Deposits	70,920	-	70,920
Total Cash	<u>\$ 783,058</u>	<u>\$ 413,141</u>	<u>\$ 1,196,199</u>

City of Auburn, Washington  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR ENTERPRISE FUNDS**  
For the Fiscal Year Ended December 31, 2015

Page 2 of 2

	Airport	Cemetery	Total Non Major Enterprise Funds
<b>RECONCILIATION OF NET OPERATING INCOME TO NEW CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ (227,584)	\$ 520,378	\$ 292,794
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Depreciation	468,031	50,796	518,827
Asset (Increases) Decreases:			
Miscellaneous A/R Revenue	-	151	151
Inventory	-	2,342	2,342
Liability Increases (Decreases):			
Accounts & Vouchers Payable	38,083	(505,351)	(467,268)
Deposits Payable	18,492	-	18,492
Wages & Benefits Payable	53	(1,546)	(1,493)
Compensated Absences Payable	53	2,472	2,525
Total Adjustments	<u>524,712</u>	<u>(451,136)</u>	<u>73,576</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 297,128</u>	<u>\$ 69,242</u>	<u>\$ 366,370</u>
<b>SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Total Non Cash Investing, Capital and Financing Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



## NON-MAJOR PROPRIETARY FUNDS

### INTERNAL SERVICE FUNDS

The City of Auburn's internal service funds are used to account for the financing of goods and services provided by one department of operation to other departments on a cost reimbursement basis. Internal service funds are self-supporting and use the accrual method of accounting. Auburn has five internal service funds.

#### **The Insurance Fund**

Provides a source of funds to pay unemployment claims and property and casualty claims which fall below deductible levels.

#### **The Workers Comp Self Insurance Fund**

Provides a source of funds to pay time loss and medical benefits for employees who are affected by an occupational injury or illness.

#### **The Facilities Funds**

Accounts for the costs of maintaining various City facilities.

#### **The Information Services Fund**

Accounts for the costs of purchasing and maintaining the City's various computer and telecommunications systems.

#### **The Equipment Rental Fund**

Accounts for the costs of purchasing, maintaining, and operating Auburn's fleet of vehicles and related equipment.

City of Auburn, Washington  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
December 31, 2015

	Insurance	Workers Comp Self Insurance	Facilities	Information Services	Equipment Rental	Total
<b>ASSETS:</b>						
Current Assets:						
Cash and Cash Equivalents	\$ 1,530,588	\$ 788,415	\$ 2,545,675	\$ 4,079,854	\$ 6,108,308	\$ 15,052,840
Customer Accounts	-	-	75,436	-	1,055	76,491
Due From Other Governmental Units	-	-	-	5,638	138	5,776
Inventories	-	-	-	-	233,296	233,296
Total Current Assets	<u>1,530,588</u>	<u>788,415</u>	<u>2,621,111</u>	<u>4,085,492</u>	<u>6,342,797</u>	<u>15,368,403</u>
Noncurrent Assets:						
Capital Assets:						
Buildings and Equipment	-	-	-	6,845,152	14,224,661	21,069,813
Improvements Other than Buildings	-	-	-	7,497	109,661	117,158
Construction in Progress	-	-	-	-	43,655	43,655
Less: Accumulated Depreciation	-	-	-	(5,486,214)	(8,889,375)	(14,375,589)
Total Capital Assets (Net of A/D)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,366,435</u>	<u>5,488,602</u>	<u>6,855,037</u>
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,366,435</u>	<u>5,488,602</u>	<u>6,855,037</u>
Total Assets	<u>1,530,588</u>	<u>788,415</u>	<u>2,621,111</u>	<u>5,451,927</u>	<u>11,831,399</u>	<u>22,223,440</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>						
Deferred Outflow Related to Pensions	-	6,733	58,889	143,328	56,386	265,336
<b>LIABILITIES:</b>						
Current Liabilities:						
Current Payables	-	10,182	210,357	380,297	229,571	830,407
Customer Deposits	-	-	300	-	-	300
Employee Leave Benefits - Current	-	4,553	35,584	81,838	27,285	149,260
Other Liabilities Payable	-	-	-	-	39,107	39,107
Total Current Liabilities	<u>-</u>	<u>14,735</u>	<u>246,241</u>	<u>462,135</u>	<u>295,963</u>	<u>1,019,074</u>
Noncurrent Liabilities						
Employee Leave Benefits	-	1,264	9,884	22,732	7,579	41,459
Other LT Liabilities Payable	-	-	-	-	146,484	146,484
Net Pension Liability	-	26,699	233,527	568,378	1,202,698	2,031,302
Total Noncurrent Liabilities	<u>-</u>	<u>27,963</u>	<u>243,411</u>	<u>591,110</u>	<u>1,356,761</u>	<u>2,219,245</u>
Total Liabilities	<u>-</u>	<u>42,698</u>	<u>489,652</u>	<u>1,053,245</u>	<u>1,652,724</u>	<u>3,238,319</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Deferred Inflow Related to Pensions	-	7,210	63,063	153,488	112,803	336,564
<b>NET POSITION:</b>						
Net Investment in Capital Assets	-	-	-	1,366,435	5,303,011	6,669,446
Restricted For:						
Unrestricted	1,530,588	745,240	2,127,285	3,022,087	4,819,247	12,244,447
Total Net Position	<u>\$ 1,530,588</u>	<u>\$ 745,240</u>	<u>\$ 2,127,285</u>	<u>\$ 4,388,522</u>	<u>\$ 10,122,258</u>	<u>\$ 18,913,893</u>

City of Auburn, Washington  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
For the Year Ended December 31, 2015

	Insurance	Workers Comp Self Insurance	Facilities	Information Services	Equipment Rental	Total
<b>OPERATING REVENUES:</b>						
Charges for Services	\$ -	\$ 815,661	\$ 3,447,288	\$ 5,290,605	\$ 3,504,394	\$13,057,948
Other Operating Revenue	-	-	91,745	119,148	138	211,031
Total Operating Revenues	<u>-</u>	<u>815,661</u>	<u>3,539,033</u>	<u>5,409,753</u>	<u>3,504,532</u>	<u>13,268,979</u>
<b>OPERATING EXPENSES:</b>						
Operations & Maintenance	-	477,943	2,662,189	4,732,771	1,554,984	9,427,887
Administration	125,131	-	-	-	693,239	818,370
Depreciation/Amortization	-	-	-	624,001	927,965	1,551,966
Total Operating Expenses	<u>125,131</u>	<u>477,943</u>	<u>2,662,189</u>	<u>5,356,772</u>	<u>3,176,188</u>	<u>11,798,223</u>
Operating Income (Loss)	<u>(125,131)</u>	<u>337,718</u>	<u>876,844</u>	<u>52,981</u>	<u>328,344</u>	<u>1,470,756</u>
<b>NON-OPERATING REVENUE (EXPENSE):</b>						
Interest Revenue	1,662	899	3,738	5,474	8,345	20,118
Other Non-Operating Revenues	-	-	57	1,526	109,403	110,986
Gain (Loss) on Sale of Capital Assets	-	-	-	-	(30,466)	(30,466)
Interest Expense	-	-	-	-	(2,951)	(2,951)
Total Non-Operating Revenue (Expense)	<u>1,662</u>	<u>899</u>	<u>3,795</u>	<u>7,000</u>	<u>84,331</u>	<u>97,687</u>
Income (Loss) Before Contributions	<u>(123,469)</u>	<u>338,617</u>	<u>880,639</u>	<u>59,981</u>	<u>412,675</u>	<u>1,568,443</u>
Transfers In (Note 5)	-	-	-	102,807	398,112	500,919
Transfers Out (Note 5)	-	-	(659,121)	-	(237,267)	(896,388)
Change in Net Position	<u>(123,469)</u>	<u>338,617</u>	<u>221,518</u>	<u>162,788</u>	<u>573,520</u>	<u>1,172,974</u>
Net Position, January 1, as Previously Reported	1,654,057	434,859	2,152,736	4,826,830	10,864,439	19,932,921
Change in Accounting Principle	-	(28,236)	(246,969)	(601,096)	(1,315,701)	(2,192,002)
Net Position, January 1 restated	<u>1,654,057</u>	<u>406,623</u>	<u>1,905,767</u>	<u>4,225,734</u>	<u>9,548,738</u>	<u>17,740,919</u>
Total Net Position - Ending	<u>\$ 1,530,588</u>	<u>\$ 745,240</u>	<u>\$ 2,127,285</u>	<u>\$ 4,388,522</u>	<u>\$ 10,122,258</u>	<u>\$ 18,913,893</u>

City of Auburn, Washington  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
 For the Fiscal Year Ended December 31, 2015

	Insurance	Workers Comp Self Insurance	Facilities	Information Services	Equipment Rental	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Cash Received From Users	\$ -	\$ 815,661	\$ 3,552,707	\$ 5,409,497	\$ 3,504,394	\$ 13,282,259
Cash Paid to Suppliers for Goods & Services	(121,830)	(360,789)	(1,782,712)	(2,557,129)	(1,461,248)	(6,283,708)
Cash Paid for Taxes	(3,318)	-	-	-	-	(3,318)
Cash Paid to Employees	-	(114,441)	(895,942)	(2,174,768)	(912,924)	(4,098,075)
Other Cash Received	-	-	-	-	138	138
Net Cash Provided (Used) By Operating Activities	<u>(125,148)</u>	<u>340,431</u>	<u>874,053</u>	<u>677,600</u>	<u>1,130,360</u>	<u>2,897,296</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Operating Grant Received	-	-	57	-	678	735
Other Non-Operating Revenue	-	-	-	1,526	(85,632)	(84,106)
Transfers In	-	-	-	102,807	398,112	500,919
Transfers Out	-	-	(659,121)	-	(237,267)	(896,388)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>-</u>	<u>-</u>	<u>(659,064)</u>	<u>104,333</u>	<u>75,891</u>	<u>(478,840)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Proceeds from Sale of Equipment	-	-	-	-	116,828	116,828
Purchase of Capital Assets	-	-	-	(619,938)	(1,407,612)	(2,027,550)
Proceeds from Insurance Settlement	-	-	-	-	106,842	106,842
Principal Payment on Debt	-	-	-	-	185,592	185,592
Interest Payment on Debt	-	-	-	-	(2,951)	(2,951)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(619,938)</u>	<u>(1,001,301)</u>	<u>(1,621,239)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>						
Interest Received	1,662	899	3,738	5,474	8,345	20,118
Net Cash Provided (Used) in Investing Activities	<u>1,662</u>	<u>899</u>	<u>3,738</u>	<u>5,474</u>	<u>8,345</u>	<u>20,118</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(123,486)</u>	<u>341,330</u>	<u>218,727</u>	<u>167,469</u>	<u>213,295</u>	<u>817,335</u>
Cash and Cash Equivalents - Beginning of Year	<u>1,654,074</u>	<u>447,085</u>	<u>2,326,948</u>	<u>3,912,385</u>	<u>5,895,013</u>	<u>14,235,505</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 1,530,588</u>	<u>\$ 788,415</u>	<u>\$ 2,545,675</u>	<u>\$ 4,079,854</u>	<u>\$ 6,108,308</u>	<u>\$ 15,052,840</u>
<b>CASH AT END OF YEAR CONSISTS OF:</b>						
Cash and Cash Equivalents	1,530,588	788,415	2,545,675	4,079,854	6,108,308	15,052,840
Total Cash	<u>\$ 1,530,588</u>	<u>\$ 788,415</u>	<u>\$ 2,545,675</u>	<u>\$ 4,079,854</u>	<u>\$ 6,108,308</u>	<u>\$ 15,052,840</u>

City of Auburn, Washington  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
For the Fiscal Year Ended December 31, 2015

Page 2 of 2

	Insurance	Workers Comp Self Insurance	Facilities	Information Services	Equipment Rental	Total
<b>RECONCILIATION OF NET OPERATING INCOME TO NEW CASH PROVIDED BY OPERATING ACTIVITIES</b>						
Operating Income (Loss)	\$ (125,131)	\$ 337,718	\$ 876,844	\$ 52,981	\$ 328,344	\$ 1,470,756
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>						
Depreciation	-	-	-	624,001	927,965	1,551,966
Asset (Increases) Decreases:						
Accounts Receivable	-	-	13,674	(256)	-	13,418
Inventory	-	-	-	-	(17,096)	(17,096)
Liability Increases (Decreases):						
Accounts & Vouchers Payable	(17)	2,040	(32,333)	39,318	(92,061)	(83,053)
Wages & Benefits Payable	-	-	12,276	(56,019)	(2,531)	(46,274)
Compensated Absences Payable	-	673	3,592	17,575	(14,261)	7,579
Total Adjustments	(17)	2,713	(2,791)	624,619	802,016	1,426,540
Net Cash Provided (Used) by Operating Activities	\$ (125,148)	\$ 340,431	\$ 874,053	\$ 677,600	\$ 1,130,360	\$ 2,897,296
<b>SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>						
Total Non Cash Investing, Capital and Financing Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



## AGENCY FUNDS

The agency fund accounts for monies over which the City is strictly a short-term custodian. Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

City of Auburn, Washington  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUND**

For the Fiscal Year Ended December 31, 2015

	Balance 1/1/2015	Additions	Deductions	Balance 12/31/2015
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 724,783	\$ 1,065,196	\$ 1,379,571	\$ 410,408
Other Current Assets	468	219,583	188,572	31,479
Due from Other Governments	30,000	-	30,000	-
Total Assets	<u>\$ 755,251</u>	<u>\$ 1,284,779</u>	<u>\$ 1,598,143</u>	<u>\$ 441,887</u>
<b>LIABILITIES:</b>				
Due to Other Government Units	755,251	2,172,504	1,859,140	441,887
Total Liabilities	<u>\$ 755,251</u>	<u>\$ 2,172,504</u>	<u>\$ 1,859,140</u>	<u>\$ 441,887</u>

City of Auburn  
**STATISTICAL SECTION**  
 December 31, 2015

**Financial Trends Information**

*Financial trends schedules are intended to provide users with information to assist them in understanding and assessing how the City’s financial position has changed over time.*

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**Revenue Capacity Information**

*The objective of providing revenue capacity information is to help users understand and assess the factors affecting the City’s ability to generate its most significant local source revenues.*

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**Debt Capacity Information**

*Debt capacity information is intended to assist users to understand and assess the City’s current levels of outstanding debt and ability to issue additional debt in the future.*

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**Demographic and Economic Information**

*These schedules offer demographic and economic information to assist users in understanding certain aspects of the environment within which the City operates and to provide information that facilitates comparisons of financial statement information over time and across governmental units.*

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**Operating Information**

*These schedules contain service and infrastructure data to help users understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.*

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City of Auburn, Washington  
**SCHEDULE 1**  
**NET POSITION BY COMPONENTS**  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental activities:</b>										
Net Investment in Capital Assets	\$ 200,814,063	\$ 212,611,232	\$ 303,564,348	\$ 314,691,982	\$ 320,506,701	\$ 340,941,112	\$ 354,899,294	\$ 346,195,793	\$ 348,080,505	\$361,094,242
Restricted	26,839,342	24,519,024	28,965,599	12,741,566	15,180,467	14,230,963	13,164,116	15,019,909	16,404,328	19,470,880
Unrestricted	24,148,157	26,774,107	25,955,501	43,754,879	46,734,364	45,250,090	43,245,050	47,426,352	51,898,566	40,928,090
<b>Total governmental activities net position</b>	<b>251,801,562</b>	<b>263,904,363</b>	<b>358,485,448</b>	<b>371,188,427</b>	<b>382,421,532</b>	<b>400,422,165</b>	<b>411,308,460</b>	<b>408,642,054</b>	<b>416,383,399</b>	<b>421,493,212</b>
<b>Business-type activities:</b>										
Net Investment in Capital Assets	125,265,152	130,515,163	144,626,496	150,621,492	152,343,987	166,289,542	173,709,864	165,619,867	169,098,916	187,604,782
Restricted	6,987,485	1,227,395	933,914	2,071,219	4,107,128	4,153,982	4,719,058	16,839,589	14,115,610	4,764,340
Unrestricted	25,693,517	40,655,261	35,859,489	29,546,169	28,642,334	30,523,974	30,439,381	32,880,216	37,724,080	32,974,662
<b>Total business-type activities net position</b>	<b>157,946,154</b>	<b>172,397,819</b>	<b>181,419,899</b>	<b>182,238,880</b>	<b>185,093,449</b>	<b>200,967,498</b>	<b>208,868,303</b>	<b>215,339,672</b>	<b>220,938,606</b>	<b>225,343,784</b>
<b>Primary government:</b>										
Net Investment in Capital Assets	326,079,215	343,126,395	448,190,844	465,313,474	472,850,688	507,230,654	528,609,158	511,815,660	517,179,421	548,699,024
Restricted	33,826,827	25,746,419	29,899,513	14,812,785	19,287,595	18,384,945	17,883,174	31,859,498	30,519,938	24,235,220
Unrestricted	49,841,674	67,429,368	61,814,990	73,301,048	75,376,698	75,774,064	73,684,431	80,306,568	89,622,646	73,902,752
<b>Total primary government net position</b>	<b>\$ 409,747,716</b>	<b>\$ 436,302,182</b>	<b>\$ 539,905,347</b>	<b>\$ 553,427,307</b>	<b>\$ 567,514,981</b>	<b>\$ 601,389,663</b>	<b>\$ 620,176,763</b>	<b>\$ 623,981,726</b>	<b>\$ 637,322,005</b>	<b>\$646,836,996</b>

Source: City of Auburn, Finance Department

City of Auburn, Washington  
**SCHEDULE 2**  
**CHANGES IN NET POSITION**  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental activities:										
General government	\$ 6,462,578	\$ 7,196,492	\$ 8,000,715	\$ 7,567,085	\$ 7,934,948	\$ 8,581,829	\$ 9,441,887	\$ 7,508,112	\$ 8,363,427	\$ 9,187,539
Public safety	29,804,864	33,396,630	28,217,844	25,675,063	25,890,627	27,320,805	27,339,301	27,423,015	27,144,153	29,883,217
Transportation	7,619,268	8,077,154	12,974,861	11,471,167	11,989,752	12,123,615	15,736,610	14,861,834	16,150,877	17,324,036
Physical environment	2,418,543	3,269,334	3,096,696	3,327,836	2,498,539	2,327,911	2,535,877	2,699,301	2,976,461	2,924,046
Culture and recreation	5,729,431	6,539,281	6,271,924	7,561,569	7,307,270	7,606,584	8,310,210	9,184,289	11,094,524	12,096,651
Economic environment	1,848,988	2,400,031	2,608,980	3,000,257	2,499,631	3,135,984	2,914,335	2,346,025	2,751,869	3,044,354
Health and human services	763,156	416,456	776,224	527,029	578,247	619,172	633,175	510,285	622,374	925,299
Interest on long-term debt	203,180	163,916	226,651	408,471	1,809,322	1,685,055	2,336,960	3,795,024	3,615,211	1,986,853
Total governmental activities expenses	54,850,008	61,459,294	62,173,895	59,538,478	60,508,335	63,400,955	69,248,355	68,327,885	72,718,896	77,371,995
Business-type activities:										
Water	7,647,935	7,873,191	8,565,231	8,970,215	10,042,879	8,961,736	9,655,724	11,893,094	11,992,944	13,691,529
Sewer	11,878,252	13,974,607	14,479,299	16,569,297	17,794,958	18,852,402	19,680,724	21,584,215	23,026,216	23,992,161
Storm drainage	3,852,335	4,224,881	5,226,823	7,275,072	6,994,381	6,752,021	8,025,729	7,726,467	7,668,072	8,308,559
Solid waste	9,936,222	10,368,901	10,781,426	11,019,606	9,894,429	9,957,943	11,305,322	12,535,078	12,760,313	12,907,832
Golf course	1,020,070	1,576,126	1,958,703	1,909,758	1,844,108	1,903,836	1,912,174	1,933,597	-	-
Non-major business-type activities	1,618,285	1,735,118	1,720,603	1,666,754	1,781,204	2,010,776	1,954,104	1,857,252	1,924,874	2,062,695
Total business-type activities expenses	35,953,099	39,752,824	42,732,085	47,410,702	48,351,960	48,438,714	52,533,777	57,529,730	57,372,419	60,962,776
Total primary government expenses	\$ 90,803,107	\$ 101,212,118	\$ 104,905,980	\$ 106,949,180	\$ 108,860,294	\$ 111,839,669	\$ 121,782,132	\$ 125,857,588	\$ 130,091,315	\$ 138,334,771
<b>Program revenues</b>										
Governmental activities:										
Charges for services										
General Government	\$ 820,585	\$ 1,126,258	\$ 2,316,125	\$ 814,095	\$ 1,168,574	\$ 1,010,911	\$ 897,521	\$ 893,326	\$ 1,160,198	\$ 1,243,263
Public Safety	2,514,867	3,100,973	2,674,777	2,854,530	2,938,942	3,867,013	1,016,191	2,103,823	2,273,903	1,993,117
Transportation	631,340	1,930,504	1,272,751	1,587,850	960,532	1,042,147	1,819,851	1,967,778	1,660,270	1,446,026
Physical Environment	436,503	576,539	257,280	147,996	86,306	103,590	36,766	393,564	276,632	384,485
Culture and Recreation	881,318	1,245,122	917,544	1,048,390	962,558	1,182,688	880,380	873,970	2,876,185	3,052,599
Economic Environment	2,590,763	2,070,534	1,638,579	1,654,692	1,732,397	2,294,916	3,266,188	3,586,844	3,087,853	2,989,579
Health and human services	-	-	-	989	449	7,528	-	-	-	-
Total charges for services	7,875,376	10,049,930	9,077,556	8,108,542	7,849,758	9,508,793	7,916,897	9,824,305	11,335,041	11,109,069
Operating grants and contributions	2,714,324	2,923,968	2,567,788	3,001,401	3,022,835	1,724,711	3,560,707	1,967,252	1,333,652	4,234,309
Capital grants and contributions	5,174,350	9,213,115	94,905,563	12,806,499	10,702,132	19,130,140	17,835,784	5,955,062	6,001,230	19,526,548
Total governmental activities program revenues	15,764,050	22,187,013	106,550,907	23,915,992	21,574,725	30,963,644	29,313,388	17,746,619	18,669,923	34,869,926
Business-type activities:										
Charges for services	36,226,324	38,784,127	39,883,386	42,338,079	43,461,742	45,045,488	50,710,688	57,533,735	60,332,817	63,391,139
Operating grants and contributions	47,961	43,263	55,024	87,454	70,841	116,735	97,052	90,361	111,025	106,286
Capital grants and contributions	3,988,202	12,479,500	10,670,660	1,992,259	7,391,111	15,981,735	7,248,835	5,483,344	5,070,810	5,821,857
Total business-type activities program revenues	40,262,487	51,306,890	50,609,070	44,417,792	50,923,694	61,143,958	58,056,575	63,107,440	65,514,652	69,319,282
Total primary government program revenues	56,026,537	73,493,903	157,159,977	68,333,784	72,498,419	92,107,602	87,369,963	80,854,059	84,184,575	104,189,208
Net (expense)/revenue										
Governmental activities	(39,085,958)	(39,272,281)	44,377,012	(35,622,486)	(38,933,610)	(32,437,311)	(39,934,967)	(50,581,266)	(54,048,973)	(42,502,069)
Business-type activities	4,309,388	11,554,066	7,876,985	(2,992,910)	2,571,734	12,705,244	5,522,798	5,577,737	8,142,233	8,356,506
Total primary government net expense	\$(34,776,570)	\$(27,718,215)	\$ 52,253,997	\$(38,615,396)	\$(36,361,876)	\$(19,732,067)	\$(34,412,169)	\$(45,003,529)	\$(45,906,740)	\$(34,145,563)
<b>General revenues and other changes in net position</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 15,186,456	\$ 16,164,073	\$ 10,804,825	\$ 13,362,672	\$ 14,766,470	\$ 15,204,611	\$ 14,970,136	\$ 14,490,790	\$ 15,867,838	\$ 17,271,705
Retail sales and use tax	17,784,374	18,958,484	17,620,661	14,727,496	15,657,081	16,213,244	16,679,278	18,335,157	19,744,684	21,125,730
Interfund utility taxes	1,983,652	2,095,901	2,507,213	3,437,526	2,788,083	2,948,297	3,281,816	3,892,250	4,068,667	4,260,831
Utility taxes	5,893,041	6,073,429	8,075,355	9,071,485	8,886,964	9,049,689	8,856,498	9,156,636	9,040,015	8,838,179
Excise taxes	4,568,549	3,862,692	3,477,517	2,310,076	1,389,030	1,859,738	2,141,620	2,555,850	2,888,797	4,999,517
Other taxes	1,859,428	2,005,836	2,949,430	4,607,584	4,622,138	4,644,909	4,679,333	4,429,090	4,601,925	4,722,482
Investment earnings	2,454,694	2,993,174	1,589,837	570,798	379,316	224,593	178,618	121,687	105,117	118,399
Miscellaneous	69,037	(406,847)	2,751,495	67,223	214,190	775,969	547,391	(4,625,627)	178,482	194,600
Transfers	(570,588)	(371,660)	427,740	170,605	1,463,444	(483,107)	(513,428)	(218,230)	5,294,793	(462,955)
Total governmental activities	49,228,643	51,375,082	50,204,073	48,325,465	50,166,715	50,437,943	50,821,262	48,137,603	61,790,318	61,068,488
Business-type activities:										
Investment earnings	1,574,444	2,098,417	1,242,363	312,618	158,211	101,694	82,903	68,400	51,261	70,560
Miscellaneous	1,602,274	427,522	330,472	3,669,878	1,588,068	2,584,004	1,781,676	763,717	2,700,233	1,881,835
Transfers	570,588	371,660	(427,740)	(170,605)	(1,463,444)	483,107	513,428	218,230	(5,294,793)	462,955
Total business-type activities:	3,747,306	2,897,599	1,145,095	3,811,891	282,835	3,168,805	2,378,007	1,050,347	(2,543,299)	2,415,350
Total primary government	\$ 52,975,949	\$ 54,272,681	\$ 51,349,168	\$ 52,137,356	\$ 50,449,550	\$ 53,606,748	\$ 53,199,269	\$ 49,187,950	\$ 59,247,019	\$ 63,483,838
<b>Change in net position Before Change in Accounting Principle</b>										
Governmental activities	10,142,685	12,102,801	94,581,085	12,702,979	11,233,105	18,000,632	10,886,295	(2,443,663)	7,741,345	18,566,419
Business-type activities	8,056,694	14,451,665	9,022,080	818,981	2,854,569	15,874,049	7,900,805	6,628,084	5,598,934	10,771,856
Total primary government	\$ 18,199,379	\$ 26,554,466	\$ 103,603,165	\$ 13,521,960	\$ 14,087,674	\$ 33,874,681	\$ 18,787,100	\$ 4,184,421	\$ 13,340,279	\$ 29,338,275
<b>Change in Accounting Principle</b>										
Governmental activities	-	-	-	-	-	-	-	(222,743)	-	(13,456,606)
Business-type activities	-	-	-	-	-	-	-	(156,715)	-	(6,366,678)
Total primary government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$(379,458)	\$ -	\$(19,823,284)
<b>Change in net position After Change in Accounting Principle</b>										
Governmental activities	10,142,685	12,102,801	94,581,085	12,702,979	11,233,105	18,000,632	10,886,295	(2,666,406)	7,741,345	5,109,813
Business-type activities	8,056,694	14,451,665	9,022,080	818,981	2,854,569	15,874,049	7,900,805	6,471,369	5,598,934	4,405,178
Total primary government	\$ 18,199,379	\$ 26,554,466	\$ 103,603,165	\$ 13,521,960	\$ 14,087,674	\$ 33,874,681	\$ 18,787,100	\$ 3,804,963	\$ 13,340,279	\$ 9,514,991

Source: City of Auburn, Finance Department

City of Auburn, Washington  
**SCHEDULE 3**  
**FUND BALANCES, GOVERNMENT FUNDS**  
 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)

	2006	2007	2008	2009	2010	2011 (1)	2012	2013	2014	2015
<b>General Fund</b>										
Unreserved	\$ 14,448,328	\$ 14,462,720	\$ 13,071,091	\$ 13,237,851	\$ 15,382,354	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable						\$ -	370,400.0	127	127	127
Assigned						\$ 7,082,130	5,935,567.0	5,892,611	4,045,598	7,284,159
Unassigned						\$ 14,193,365	17,395,933.0	17,751,778	20,914,093	20,267,776
<b>Total General Fund</b>	<u>14,448,328</u>	<u>14,462,720</u>	<u>13,071,091</u>	<u>13,237,851</u>	<u>15,382,354</u>	<u>21,275,495</u>	<u>23,701,900</u>	<u>23,644,516</u>	<u>24,959,818</u>	<u>27,552,062</u>
<b>All other governmental funds</b>										
Reserved	1,376,798	1,501,033	1,507,565	1,538,038	1,592,378					
Unreserved, Reported In:										
Special Revenue Funds	10,738,431	13,124,661	14,463,370	15,184,058	15,486,918					
Capital Projects Funds	14,727,423	9,873,331	12,990,032	10,422,360	12,589,604					
Permanent Funds	188,524	170,983	144,396	153,503	132,717					
Total Unreserved	25,654,378	23,168,975	27,597,798	25,759,921	28,209,239	-				
Nonspendable						1,453,540	1,475,580	1,536,316	1,574,148	1,585,707
Restricted						12,781,743	11,688,536	13,483,593	14,830,180	17,885,173
Committed						3,134,449	3,258,257	3,242,662	5,066,181	3,658,719
Assigned						3,120,372	2,388,684	4,976,833	4,725,119	4,755,182
<b>Total All Other Governmental Funds</b>	<u>\$ 27,031,176</u>	<u>\$ 24,670,008</u>	<u>\$ 29,105,363</u>	<u>\$ 27,297,959</u>	<u>\$ 29,801,617</u>	<u>\$ 20,490,104</u>	<u>\$ 18,811,057</u>	<u>\$ 23,239,404</u>	<u>\$ 26,195,628</u>	<u>\$ 27,884,781</u>

(1) GASB Statement No. 54 was implemented in FY 2011. See Note 1E of the Notes to the Basic Financial Statements.

Source: City of Auburn, Finance Department

City of Auburn, Washington  
**SCHEDULE 4**  
**CHANGES IN FUND BALANCES, GOVERNMENT FUNDS**  
 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Taxes	\$ 44,867,161	\$ 46,721,651	\$ 43,781,530	\$ 42,514,006	\$ 43,069,695	\$ 44,812,975	\$ 46,003,582	\$ 48,545,041	\$ 51,718,489	\$ 56,632,337
Licenses and permits	1,683,320	1,606,950	1,110,722	1,326,875	1,311,916	1,769,516	2,344,643	3,041,948	2,400,662	2,074,432
Intergovernmental	6,831,240	5,766,484	8,369,888	9,616,067	9,656,529	16,174,149	20,045,299	11,854,984	9,379,699	13,620,446
Charges for services	3,659,773	5,017,224	3,784,544	3,473,199	3,073,168	2,938,815	4,006,762	3,891,776	5,717,712	7,321,295
Fines and forfeits	1,054,201	2,155,120	2,059,771	1,911,034	2,472,411	1,940,326	1,592,957	1,441,603	1,258,408	938,775
Special assessments	75,574	52,291	57,402	107,597	43,502	32,972	39,115	40,772	472,800	7,494
Investment earnings	1,477,368	2,456,291	1,363,375	484,696	386,890	237,056	200,826	144,151	135,709	117,942
Miscellaneous	1,865,079	877,473	1,296,349	1,142,428	3,023,589	2,322,580	871,191	621,673	1,691,274	1,890,419
<b>Total revenues</b>	<b>61,513,716</b>	<b>64,653,484</b>	<b>61,823,581</b>	<b>60,575,902</b>	<b>63,037,699</b>	<b>70,228,389</b>	<b>75,104,375</b>	<b>69,581,948</b>	<b>72,774,753</b>	<b>82,603,140</b>
<b>Expenditures</b>										
General government	6,062,037	6,834,084	7,719,205	7,864,410	7,770,957	8,310,037	8,761,452	7,300,667	7,712,018	8,661,592
Public safety	29,148,278	33,568,753	26,023,912	25,762,116	24,597,986	27,399,406	24,039,435	27,146,590	27,264,294	29,164,772
Transportation	9,403,147	7,385,929	8,910,967	9,850,579	10,054,434	16,059,156	20,766,134	15,119,530	8,979,583	16,323,425
Physical environment	2,435,201	3,352,466	3,490,636	3,192,089	2,480,641	2,290,328	2,526,526	2,855,908	3,086,738	2,991,145
Economic environment	1,928,978	2,142,282	2,530,827	3,028,684	2,597,849	3,138,590	2,876,558	2,692,389	2,783,898	3,066,674
Health and human services	763,156	416,456	776,224	527,029	568,911	616,717	616,583	631,997	626,681	925,299
Culture and recreation	5,016,554	6,571,275	6,296,743	6,622,546	6,663,881	6,918,623	7,228,345	7,925,325	9,759,110	10,700,680
Capital outlay <sup>(1)</sup>	3,822,895	7,346,316	4,778,334	30,338,508	8,486,382	8,597,944	4,007,018	2,746,599	3,394,886	3,580,304
Debt service:										
Principal	420,631	435,093	456,655	479,661	26,683,671	1,208,512	1,219,137	2,238,181	2,704,468	1,713,940
Interest / other	247,551	203,266	264,997	296,241	1,775,746	1,761,334	2,245,858	2,709,768	2,892,281	1,801,109
<b>Total expenditures</b>	<b>59,248,428</b>	<b>68,255,920</b>	<b>61,248,500</b>	<b>87,961,863</b>	<b>91,680,457</b>	<b>76,300,647</b>	<b>74,287,046</b>	<b>71,366,954</b>	<b>69,203,957</b>	<b>78,928,940</b>
Excess of revenues over (under) expenditures	2,265,288	(3,602,436)	575,081	(27,385,961)	(28,642,758)	(6,072,258)	817,329	(1,785,006)	3,570,796	3,674,200
<b>Other financing sources (uses)</b>										
Transfers in	8,873,200	6,103,144	7,386,082	6,994,306	9,442,727	7,410,926	6,643,116	4,776,100	5,309,769	7,100,830
Transfers out	(9,554,816)	(5,542,988)	(7,993,842)	(6,997,801)	(7,745,568)	(6,242,333)	(7,005,097)	(4,450,925)	(5,003,448)	(6,668,626)
Capital leases	-	695,504	17,728	24,549,186	-	-	-	-	-	-
Insurance recoveries	-	-	-	114,607	200,642	154,200	291,210	192,898	136,585	153,041
Issuance of debt	142,313	-	360,000	957,278	31,172,273	-	-	3,044,491	240,366	-
Issuance of refunding bond	-	-	-	-	2,150,000	-	-	-	-	-
Debt Premium	-	-	-	-	305,844	-	-	-	-	-
Payment to escrow agent - refunded bond	-	-	-	-	(2,235,000)	-	-	-	-	-
Sales of capital assets	127,959	-	2,698,677	127,741	-	1,331,092	800	2,593,405	17,458	21,952
<b>Total other financing sources (uses)</b>	<b>(411,344)</b>	<b>1,255,660</b>	<b>2,468,645</b>	<b>25,745,317</b>	<b>33,290,918</b>	<b>2,653,885</b>	<b>(69,971)</b>	<b>6,155,969</b>	<b>700,730</b>	<b>607,197</b>
<b>Net change in fund balances</b>	<b>\$ 1,853,944</b>	<b>\$ (2,346,776)</b>	<b>\$ 3,043,726</b>	<b>\$ (1,640,644)</b>	<b>\$ 4,648,159</b>	<b>\$ (3,418,373)</b>	<b>\$ 747,358</b>	<b>\$ 4,370,963</b>	<b>\$ 4,271,526</b>	<b>\$ 4,281,397</b>
Debt service as a percentage of noncapital expenditures	1.39%	1.12%	1.42%	1.54%	37.50%	5.44%	6.64%	8.71%	10.68%	5.50%

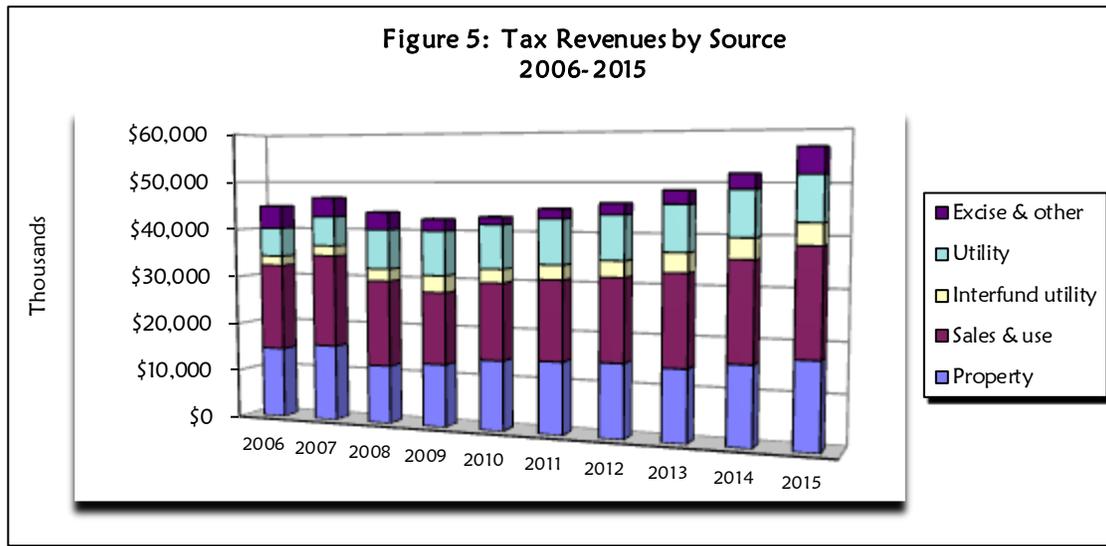
(1) Capital outlay reported in governmental funds for 2015 are \$3,580,304 plus \$11,401,835 which is reported for each functional activity with the other funds results in total capital outlay of \$14,982,139 as reported on the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Government Funds to the Statement of Activities.

Source: City of Auburn, Finance Department

City of Auburn, Washington  
**SCHEDULE 5**  
**TAX REVENUES BY SOURCE, GOVERNMENT FUNDS**  
 Last Ten Fiscal Years

Fiscal Year	Property	Sales & Use	Interfund Utility	Utility	Excise	Other	Total
2006	14,582,829	17,784,374	1,983,652	5,893,041	4,568,549	54,716	44,867,161
2007	15,666,016	18,958,484	2,095,901	6,073,429	3,862,692	65,129	46,721,651
2008	12,040,124	17,620,661	2,507,213	8,075,355	3,477,517	60,660	43,781,530
2009	12,914,943	14,727,496	3,437,526	9,071,485	2,310,076	52,480	42,514,006
2010	14,283,303	15,657,081	2,788,083	8,886,964	1,389,030	65,234	43,069,695
2011	14,683,329	16,213,244	2,948,297	9,049,689	1,859,738	58,678	44,812,975
2012	14,987,636	16,679,278	3,281,816	8,856,498	2,141,620	56,734	46,003,582
2013	14,535,673	18,335,157	3,892,250	9,156,636	2,555,850	69,475	48,545,041
2014	15,933,338	19,744,684	4,068,667	9,040,015	2,888,797	42,988	51,718,489
2015	17,337,108	21,125,730	4,260,831	8,838,179	4,999,517	70,972	56,632,337
<b>Change</b>							
2006-2015	18.9%	18.8%	114.8%	50.0%	9.4%	29.7%	26.2%

Source: City of Auburn, Finance Department

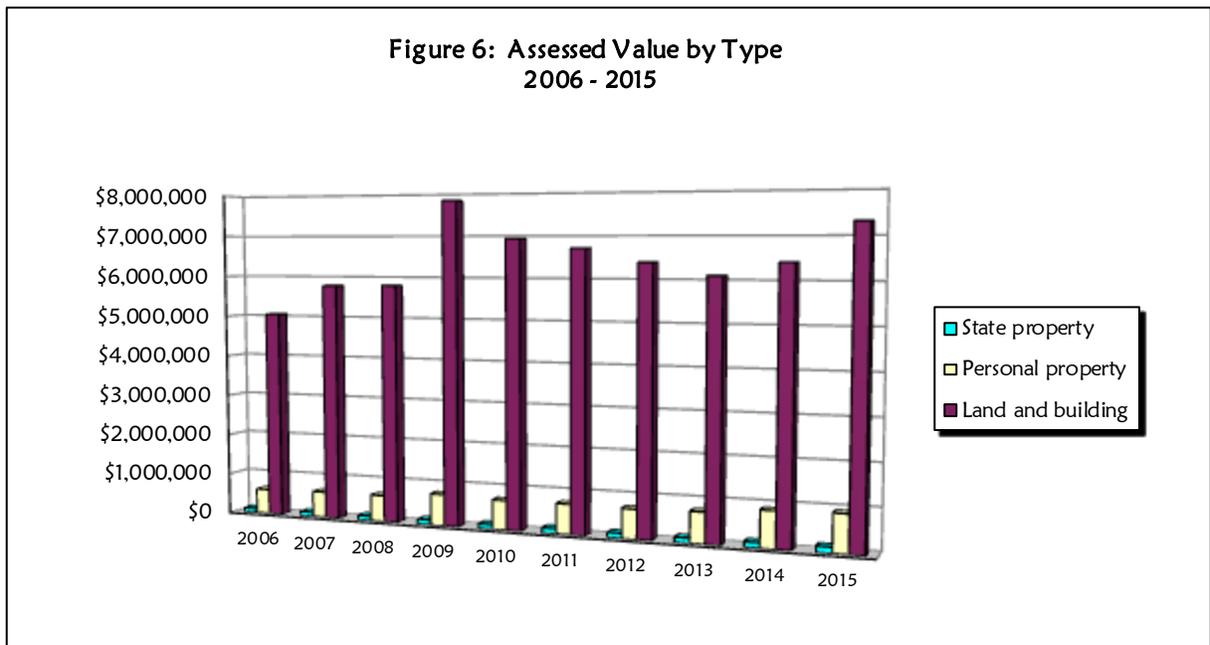


City of Auburn, Washington  
**SCHEDULE 6**  
**ASSESSED VALUE BY TYPE**  
 Last Ten Fiscal Years  
 (Amounts Expressed in Thousands)

Fiscal Year	State Property and Other	Personal Property	Land and Building	Total Assessed Value	Total Direct Rate
2006	101,419	607,875	5,055,734	5,765,028	2.73
2007	107,302	635,352	5,783,641	6,526,295	1.48
2008	112,101	640,004	5,804,585	6,556,690	1.49
2009	121,918	764,857	7,837,089	8,723,864 (*)	1.49
2010	114,661	715,534	6,935,683	7,765,878	1.82
2011	126,415	726,944	6,711,148	7,564,507	1.93
2012	124,204	709,024	6,392,321	7,225,550	2.08
2013	124,230	745,891	6,098,598	6,968,719	2.10
2014	132,854	880,015	6,409,300	7,422,169	2.17
2015	146,941	911,493	7,308,219	8,366,653	2.08

Source: King County Dept of Assessments & Pierce County Assessor-Treasurer

(\*) In 2009, Total Assessed Value increased significantly due to annexations of Lea Hill and West Hill areas

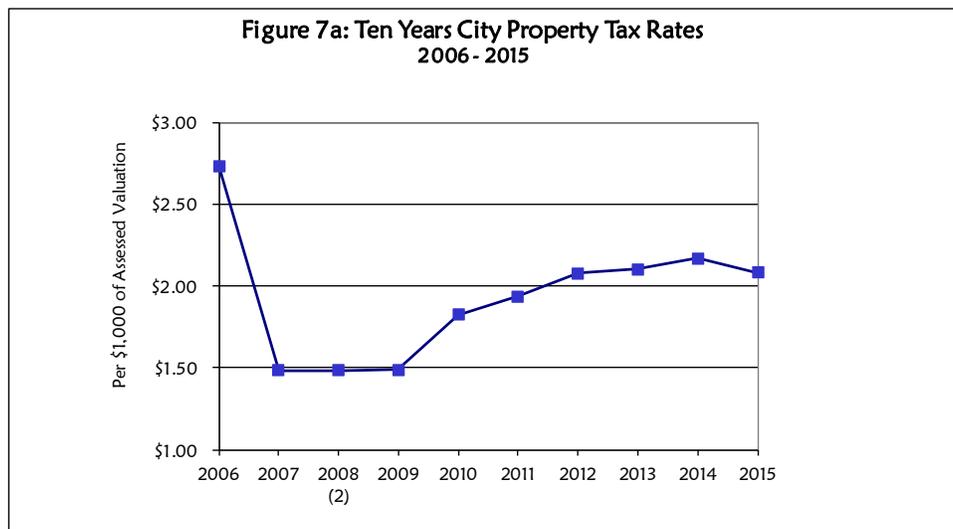


City of Auburn, Washington  
**SCHEDULE 7**  
**PROPERTY TAX DATA**  
 Last Ten Fiscal Years

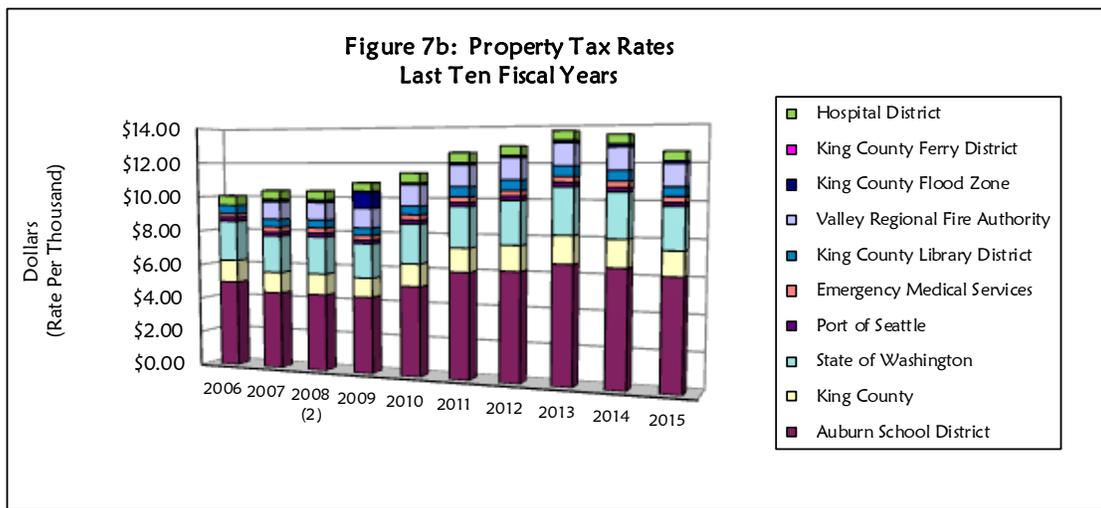
Item	2006	2007	2008 (2)	2009
<b>Assessed and estimated actual values <sup>(1)</sup></b>				
Estimated and actual value (in thousands)	\$ 5,765,028	\$ 6,526,295	\$ 6,556,690	\$ 8,723,864
Assessed value (in thousands)	5,765,028	6,526,295	6,556,690	8,723,864
Ratio of assessed to actual	100%	100%	100%	100%
<b>Property tax rates <sup>(1)</sup></b>				
Direct regular and special				
General fund	\$ 2.73076	\$ 1.48385	\$ 1.48385	\$ 1.48678
Debt service funds	-	-	-	-
Subtotal	2.73076	1.48385	1.48385	1.48678
<b>Overlapping regular and special <sup>(1)</sup></b>				
Auburn School District	\$ 4.94903	\$ 4.40970	\$ 4.40970	\$ 4.37709
King County	1.28956	1.20770	1.20770	1.09772
State of Washington	2.32535	2.13233	2.13233	1.96268
Port of Seattle	0.23158	0.22359	0.22359	0.19700
Emergency Medical Services	0.20621	0.30000	0.30000	0.27404
Hospital District	0.55652	0.50854	0.50854	0.47141
King County Library District	0.50027	0.45336	0.45336	0.41736
Valley Regional Fire Authority	-	1.00000	1.00000	1.10995
King County Flood Zone	-	0.10000	0.10000	0.91230
King County Ferry District	-	0.05500	0.05500	0.05018
Subtotal	10.05852	10.39022	10.39022	10.86973
Total direct and overlapping	<u>\$ 12.78928</u>	<u>\$ 11.87407</u>	<u>\$ 11.87407</u>	<u>\$ 12.35651</u>

Sources:

- (1) King County and Pierce County Departments of Assessments; real and personal property has been assessed at 100% of the estimated actual value.
- (2) The 2008 decrease in property tax levy to \$1.48 is due to the incorporation of the Valley Regional Fire Authority effective 1/1/2007. The VRFA will assess its own property tax levy in 2008, partially offsetting what was previously levied by the City.



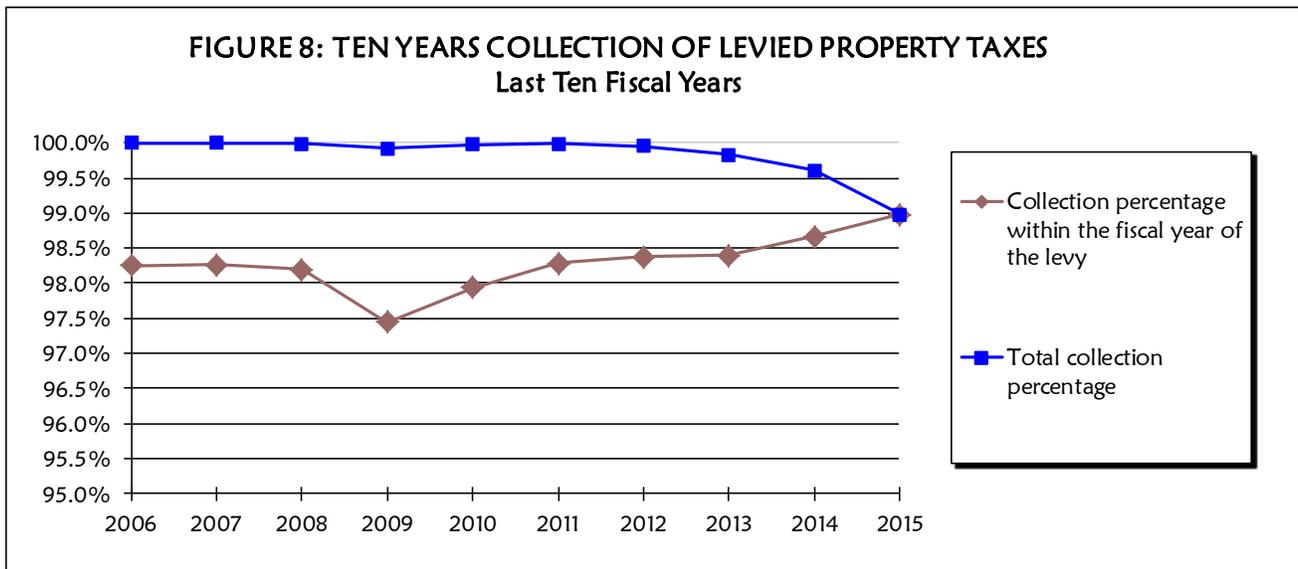
2010	2011	2012	2013	2014	2015
\$ 7,765,878	\$ 7,564,507	\$ 7,225,550	\$ 6,968,719	\$ 7,422,169	\$ 8,366,653
7,765,878	7,564,507	7,225,550	6,968,719	7,422,169	8,366,653
100%	100%	100%	100%	100%	100%
\$ 1.82336	\$ 1.93458	\$ 2.07527	\$ 2.10000	\$ 2.16739	\$ 2.08085
-	-	-	-	-	-
1.82336	1.93458	2.07527	2.10000	2.16739	2.08085
\$ 5.09382	\$ 5.99562	\$ 6.14004	\$ 6.62190	\$ 6.50262	\$ 6.14079
1.28499	1.33816	1.41588	1.54051	1.51605	1.34522
2.22253	2.27990	2.42266	2.56720	2.47044	2.28514
0.21597	0.22366	0.22982	0.23324	0.21533	0.18885
0.30000	0.30000	0.30000	0.30000	0.33500	0.30217
0.53290	0.55753	0.50000	0.50000	0.50000	0.50000
0.48526	0.56621	0.56992	0.56743	0.56175	0.50276
1.17910	1.17977	1.18925	1.20479	1.20294	1.18043
0.10514	0.10976	0.11616	0.13210	0.15369	0.13860
0.00348	0.00360	0.00372	0.00378	0.00349	-
11.42319	12.55421	12.88745	13.67095	13.46131	12.58396
\$ 13.24655	\$ 14.48879	\$ 14.96272	\$ 15.77095	\$ 15.62870	\$ 14.66481



City of Auburn, Washington  
**SCHEDULE 8**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
 Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Current Year Levy Balance	
		Amount	% of Levy		Amount	% of Levy		
<b>King County:</b>								
2006	13,399,723	\$ 13,164,248	98.2%	234,987	\$ 13,399,235	100.0%	\$ 488	
2007	13,843,007	13,605,301	98.3%	237,480	13,842,781	100.0%	227	
2008	9,551,512	9,406,398	98.5%	144,084	9,550,482	100.0%	1,030	
2009	11,680,648	11,390,684	97.5%	280,241	11,670,925	99.9%	9,723	
2010	12,714,025	12,459,564	98.0%	250,898	12,710,462	100.0%	3,563	
2011	13,071,507	12,846,996	98.3%	223,115	13,070,111	100.0%	1,396	
2012	13,392,182	13,167,731	98.3%	217,136	13,384,867	99.9%	7,315	
2013	12,890,658	12,673,712	98.3%	195,423	12,869,135	99.8%	21,523	
2014	14,171,043	13,970,560	98.6%	142,398	14,112,958	99.6%	58,085	
2015	15,393,537	15,226,048	98.9%	-	15,226,048	98.9%	167,489	
							<u>\$ 270,839</u>	
<b>Pierce County:</b>								
2006	1,242,038	\$ 1,220,642	98.3%	21,376	\$ 1,242,018	100.0%	\$ 20	
2007	1,851,622	1,816,706	98.1%	34,876	1,851,582	100.0%	40	
2008	1,226,764	1,177,665	96.0%	49,073	1,226,738	100.0%	26	
2009	1,264,380	1,223,668	96.8%	40,688	1,264,356	100.0%	25	
2010	1,489,759	1,451,377	97.4%	38,352	1,489,729	100.0%	30	
2011	1,425,411	1,401,537	98.3%	23,838	1,425,375	100.0%	36	
2012	1,495,420	1,478,223	98.9%	17,038	1,495,262	100.0%	159	
2013	1,484,398	1,471,129	99.1%	11,212	1,482,341	99.9%	2,057	
2014	1,595,567	1,586,010	99.4%	6,605	1,592,615	99.8%	2,951	
2015	1,746,418	1,738,447	99.5%	-	1,738,447	99.5%	7,972	
							<u>\$ 13,315</u>	
					<b>Total current levy balance</b>		<u>\$ 284,154</u>	

Source: King County Finance and Business Operations Division  
 Pierce County Budget and Finance Department

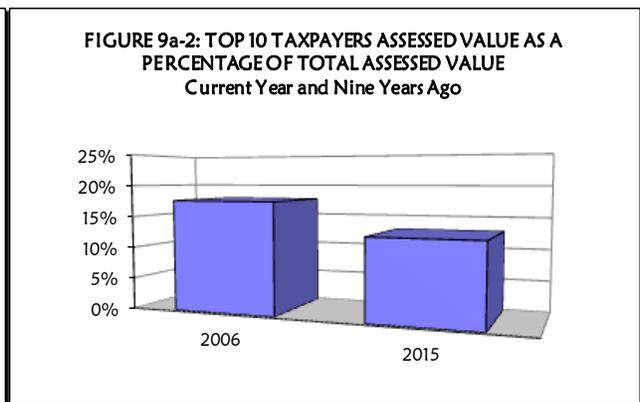
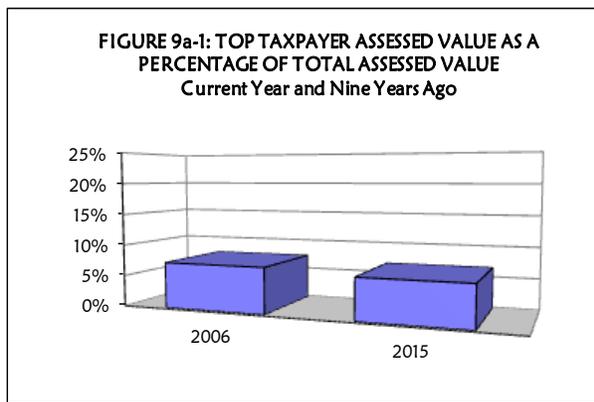


City of Auburn, Washington  
**SCHEDULE 9a**  
**PRINCIPAL TAXPAYERS-PROPERTY TAXES**  
 Current Year and Nine Years Ago

Taxpayer	2015			2006		
	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Boeing	\$ 549,141,832	1	6.56%	\$ 422,433,478	1	7.33%
Glimcher Supermall Venture	102,455,418	2	1.22%	101,498,338	3	1.76%
Puget Sound Energy	92,835,660	3	1.11%	47,304,914	8	0.82%
EProperty Tax Inc.	79,001,900	4	0.94%	72,209,900	4	1.25%
Safeway	74,053,520	5	0.89%	141,423,418	2	2.45%
Belara Communities LLC	54,061,800	6	0.65%	-	-	-
PPF Industrial (formerly UPS Supply Chain Solutions)*	45,129,700	7	0.54%	53,372,100	7	0.93%
Wal-Mart Property	27,591,900	8	0.33%	-	-	-
Muckleshoot Indian Tribe	20,830,100	9	0.25%	57,037,500	5	0.99%
Qwest Corporation	20,179,099	10	0.24%	22,972,373	10	0.40%
Auburn Warehouse LLC	-	-	-	53,372,100	6	0.93%
Complex Property Advisors Corp.	-	-	-	45,488,402	9	0.79%
<b>TOTALS</b>	<b>\$ 1,065,280,929</b>		<b>12.73%</b>	<b>\$ 1,017,112,523</b>		<b>17.64%</b>

\* In the 2006 CAFR, this was reported as Shanna Lehman.

Source: King County and Pierce County Departments of Assessments  
 Total assessed value for 2015: \$ 8,366,652,723  
 Total assessed value for 2006: \$ 5,765,028,000



City of Auburn, Washington  
**SCHEDULE 9b**  
**PRINCIPAL TAXPAYERS-SALES TAXES**  
 Current Year and Ten Years Ago

2015				2006			
Sales Tax Received	Sector <sup>(1)</sup>	Rank	Percentage of Total City Sales Taxes Received	Sales Tax Received	Sector <sup>(1)</sup>	Rank	Percentage of Total City Sales Taxes Received
\$ 503,003	Transportation Manufacturing	1	3.0%	\$ 467,764	Automotive	1	2.9%
466,181	Automotive	2	2.8%	438,316	General Retail	2	2.7%
449,995	General Retail	3	2.7%	400,086	General Retail	3	2.5%
444,616	Automotive	4	2.6%	332,136	General Retail	4	2.1%
349,222	Automotive	5	2.1%	320,856	Automotive	5	2.0%
323,965	Automotive	6	1.9%	254,191	Automotive	6	1.6%
266,295	Bldg. Material & Garden	7	1.6%	248,825	Automotive	7	1.5%
254,760	General Retail	8	1.5%	233,612	General Retail	8	1.4%
248,552	Construction of Buildings	9	1.5%	225,363	General Retail	9	1.4%
231,888	Automotive	10	1.4%	224,087	Distribution	10	1.4%
<b>\$ 3,538,477</b>			<b>21.0%</b>	<b>\$ 3,145,236</b>			<b>19.4%</b>

Source: Washington State Department of Revenue

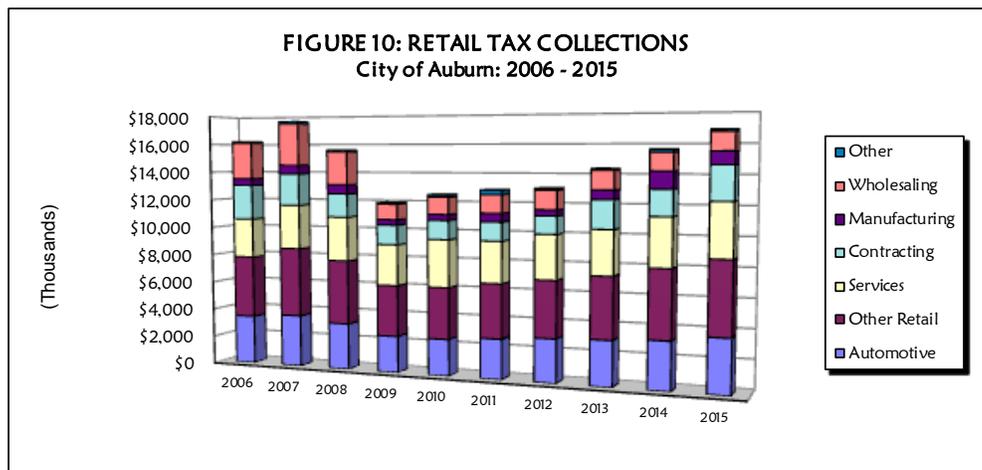
(1) It is illegal to disclose specific taxpayer sales tax information, so the above information is being provided without identification

City of Auburn, Washington  
**SCHEDULE 10**  
**RETAIL TAX COLLECTIONS BY SECTOR**  
 Last Ten Fiscal Years  
 (Amounts Expressed in Thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>RETAIL TRADE SECTOR</b>										
Automotive/gas	\$ 3,428	\$ 3,643	\$ 3,255	\$ 2,559	\$ 2,553	\$ 2,785	\$ 3,019	\$ 3,136	\$ 3,309	\$ 3,707
Furniture	263	268	241	220	194	218	226	235	254	254
Electronics & appliances	288	262	242	132	121	127	145	174	237	295
Building materials	594	615	521	358	389	383	425	447	502	590
Food stores	346	378	360	352	354	331	341	335	353	368
Health & personal care	130	143	152	150	144	148	149	174	188	221
Apparel	874	899	873	781	752	754	772	889	1,009	1,080
General merchandise	941	974	872	833	801	968	967	974	955	988
Misc retail trade	939	1,334	1,234	755	834	851	897	990	1,182	1,193
	7,803	8,516	7,750	6,140	6,142	6,566	6,943	7,354	7,989	8,695
<b>SERVICE SECTOR</b>										
Information	507	531	489	457	979	481	396	446	487	526
Finance & insurance	84	85	85	83	68	66	53	91	88	95
Real estate, rental, leasaing	311	330	394	304	288	304	326	279	315	334
Professional, scientific, technical	116	162	146	200	191	175	173	184	216	195
Administrative, supply & remediation services	195	301	261	261	239	295	334	336	350	383
Educational	81	87	91	42	56	53	54	50	49	60
Healthcare & social services	33	88	98	61	37	41	115	33	66	82
Arts & entertainment	126	172	171	147	154	149	153	149	158	208
Accomodation & food service	833	870	915	827	806	839	921	979	1,067	1,159
Other services	492	502	457	485	493	482	530	507	526	603
	2,779	3,128	3,107	2,867	3,310	2,882	3,056	3,054	3,322	3,646
<b>OTHER SECTORS</b>										
Construction	2,453	2,240	1,647	1,368	1,322	1,296	1,221	1,943	1,754	2,297
Manufacturing	486	625	643	383	411	583	405	624	1,163	862
Transportation	26	22	76	31	29	77	55	46	71	66
Wholesaling	2,571	2,943	2,306	1,073	1,180	1,260	1,297	1,279	1,205	1,229
Other business	72	143	72	47	128	224	61	64	120	72
Subtotal - other sectors	5,607	5,973	4,744	2,902	3,071	3,439	3,038	3,956	4,312	4,525
<b>GRAND TOTAL</b>	<b>\$ 16,189</b>	<b>\$ 17,617</b>	<b>\$ 15,601</b>	<b>\$ 11,909</b>	<b>\$ 12,523</b>	<b>\$ 12,887</b>	<b>\$ 13,037</b>	<b>\$ 14,364</b>	<b>\$ 15,623</b>	<b>\$ 16,866</b>
<b>OVERLAPPING SALES TAX RATES</b>										
<u>Basic sales tax rates</u>										
City of Auburn	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%
Washington State	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
King County	0.15%	0.15%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Regional Transit Authority	0.40%	0.40%	0.40%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
Metro	0.80%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
Criminal Justice	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Total basic sales tax rate	8.80%	8.90%	9.00%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%
<u>Special sales tax rates</u>										
Restaurants-for stadium funding <sup>(1)</sup>	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.00%	0.00%	0.00%	0.00%
Motor vehicles-for multimodal transportation	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%

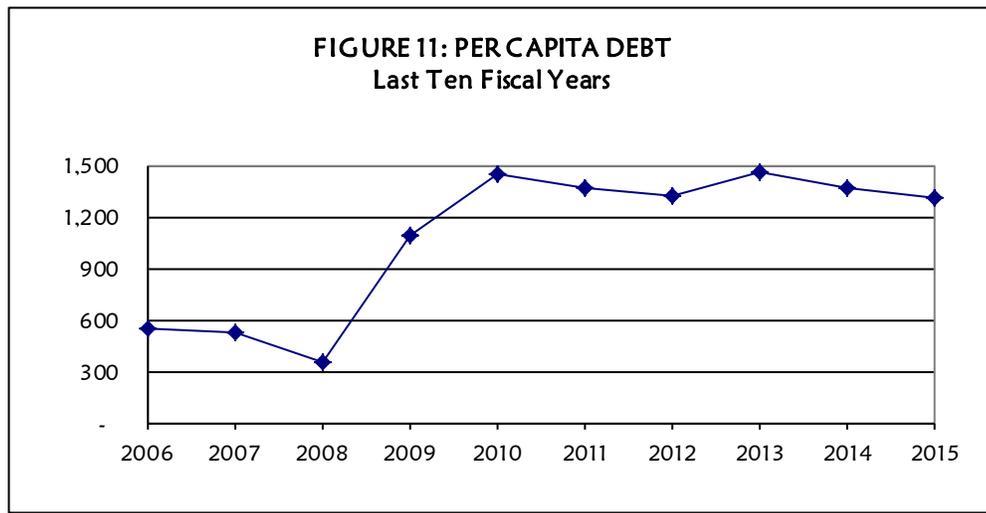
(1) This tax expired on October 1, 2011

Source: City of Auburn Finance Department and State of Washington



City of Auburn, Washington  
**SCHEDULE 11**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income <sup>(1)</sup>	Per Capita
	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Revenue Bonds	Public Works Trust Fund Loans			
2006	\$ 11,210,000	\$ 36,827	\$ -	\$ 5,905,000	\$ 9,853,410	\$ 27,005,237	3.04%	551.63
2007	10,650,000	36,827	663,553	4,730,000	10,149,419	26,229,799	2.77%	519.71
2008	10,053,000	36,827	646,799	3,495,000	9,730,324	23,961,950	1.82%	357.61
2009	36,160,850	36,827	25,193,600	2,200,000	10,014,943	73,606,220	4.11%	1,090.70
2010	64,816,850	-	604,685	23,220,000	10,296,024	98,937,559	5.35%	1,449.21
2011	63,430,850	-	566,212	22,930,000	9,491,810	96,418,872	5.07%	1,363.68
2012	61,900,771	-	524,498	23,057,333	8,687,599	94,170,201	5.05%	1,321.87
2013	59,568,505	-	480,771	34,292,569	12,442,903	106,784,748	5.57%	1,458.11
2014	57,367,766	-	435,068	32,813,473	11,808,711	102,425,018	5.12%	1,372.44
2015	55,094,519	-	569,773	31,304,378	11,650,644	98,619,314	4.85%	1,305.44



City of Auburn, Washington  
**SCHEDULE 12**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
As of December 31, 2015

	General Capacity		Special Purpose Capacity		Total Capacity
	Councilmanic	Excess Levy	Parks and Open Spaces	Utility Purpose	
December 31, 2015 - Total Assessed Value:					
\$	8,826,618,865				
2.5% of Assessed Value	\$ -	\$ 220,665,472	\$ 220,665,472	\$ 220,665,472	\$ 661,996,416
1.5% of Assessed Value	132,399,283	(132,399,283)	-	-	-
Statutory Debt Limit	132,399,283	88,266,189	220,665,472	220,665,472	661,996,416
Debt Outstanding	59,408,629	-	-	-	59,408,629
Net Debt Outstanding	59,408,629	-	-	-	59,408,629
Remaining Debt Capacity	<u>\$ 72,990,654</u>	<u>\$ 88,266,189</u>	<u>\$ 220,665,472</u>	<u>\$ 220,665,472</u>	<u>\$ 602,587,787</u>

City of Auburn, Washington  
**SCHEDULE 13**  
**LEGAL DEBT MARGIN RATIOS**  
Last Ten Fiscal Years  
(Expressed in Thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 432,377	\$ 489,472	\$ 653,979	\$ 577,669	\$ 565,822	\$ 539,989	\$ 518,188	\$ 546,602	\$ 617,872	\$ 661,996
Total net debt applicable to limit	11,352	10,757	10,771	62,671	66,868	65,364	63,815	64,047	61,892	59,409
Legal debt margin	<u>\$ 421,025</u>	<u>\$ 478,715</u>	<u>\$ 643,208</u>	<u>\$ 514,998</u>	<u>\$ 498,954</u>	<u>\$ 474,625</u>	<u>\$ 454,372</u>	<u>\$ 482,554</u>	<u>\$ 555,980</u>	<u>\$ 602,588</u>
Total net debt applicable to the limit as a percentage of debt limit	2.63%	2.20%	1.65%	10.85%	11.82%	12.10%	12.32%	11.72%	10.02%	8.97%

City of Auburn, Washington  
**SCHEDULE 14**  
**COMPUTATION OF NET DIRECT AND ESTIMATED OVERLAPPING DEBT**  
As of December 31, 2015

	Net Debt Outstanding	Percent Applicable <sup>(3)</sup>	Bonded Amount Applicable
<b>Net direct debt:</b>			
Net direct debt - City of Auburn <sup>(1)</sup>			\$ 59,057,602
<b>Estimated net overlapping debt: <sup>(2)</sup></b>			
King County	\$ 829,126,323	1.92%	\$ 15,919,225
Port of Seattle	305,535,000	1.92%	5,866,272
School District No. 210	179,917,615	2.64%	4,749,825
School District No. 408	155,750,000	78.64%	122,481,800
School District No. 415	144,334,997	1.28%	1,847,488
Rural Library District	109,205,000	3.25%	3,549,163
Valley Regional Fire Authority	14,560,000	90.52%	13,179,712
Pierce County	154,086,008	1.02%	1,571,677
Total estimated net overlapping debt			<u>169,165,162</u>
Total direct and overlapping debt			<u>\$ 228,222,764</u>

## Sources:

- (1) City of Auburn finance department; includes both bonded and non bonded debt related to government activities  
(2) Overlapping governments  
(3) King County Assessors office and Pierce County Assessors office.

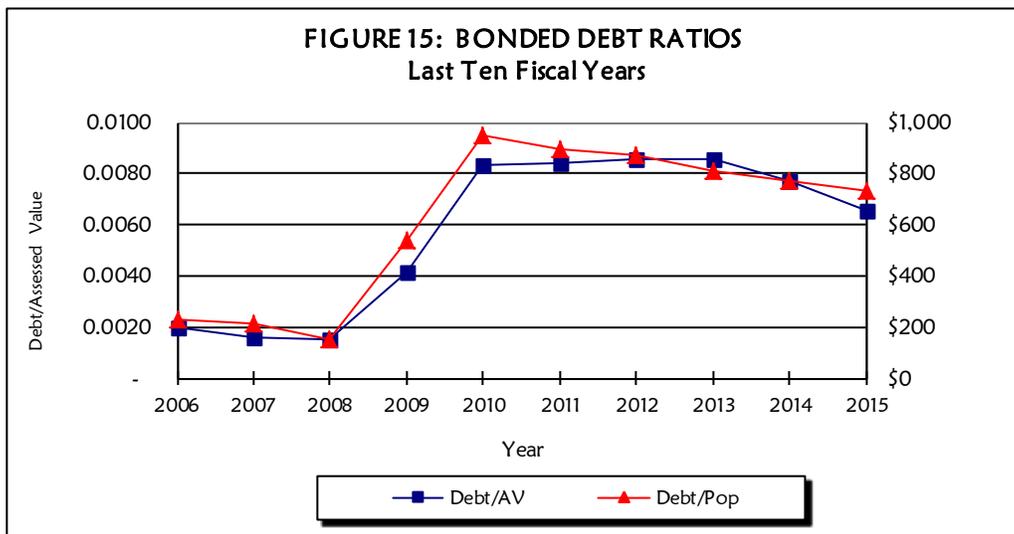
Calculation of overlapping debt: applicable percentage is determined by the ratio of assessed valuation of taxable property in overlapping unit to valuation of property subject to taxation in the City of Auburn.

City of Auburn, Washington  
**SCHEDULE 15**  
**RATIOS OF NET GENERAL BONDED DEBT TO ASSESSED VALUE**  
**AND GROSS BONDED DEBT PER CAPITA**  
 Last Ten Fiscal Years

Fiscal Year	Population	Assessed Value <sup>(1)</sup> (Thousands)	Net Bonded Debt <sup>(2)</sup>	Debt Service Amount <sup>(3)</sup> Available	Net Bonded Debt (Thousands)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2006	48,955	5,765,028	\$ 11,210,000	\$ 25,372	\$ 11,185	0.19%	\$ 229
2007	50,470	6,526,295	10,650,000	35,810	10,614	0.16%	211
2008	67,005	6,556,690	10,053,000	41,603	10,011	0.15%	150
2009	67,485	8,723,864	36,160,850	37,746	36,123	0.41%	536
2010	68,270	7,765,878	64,816,850	46,058	64,771	0.83%	949
2011	70,705	7,564,507	63,430,850	45,754	63,385	0.84%	897
2012	71,240	7,225,550	61,900,771	46,155	61,855	0.86%	869
2013	73,235	6,968,719	59,568,505	-	59,569	0.85%	813
2014	74,630	7,422,169	57,367,766	-	57,368	0.77%	769
2015	75,545	8,366,653	55,094,519	-	55,095	0.66%	729

Notes:

- (1) From Schedule 6
- (2) Amount includes both bonded and non bonded debt related to government activities
- (3) Fund balance from debt service fund.

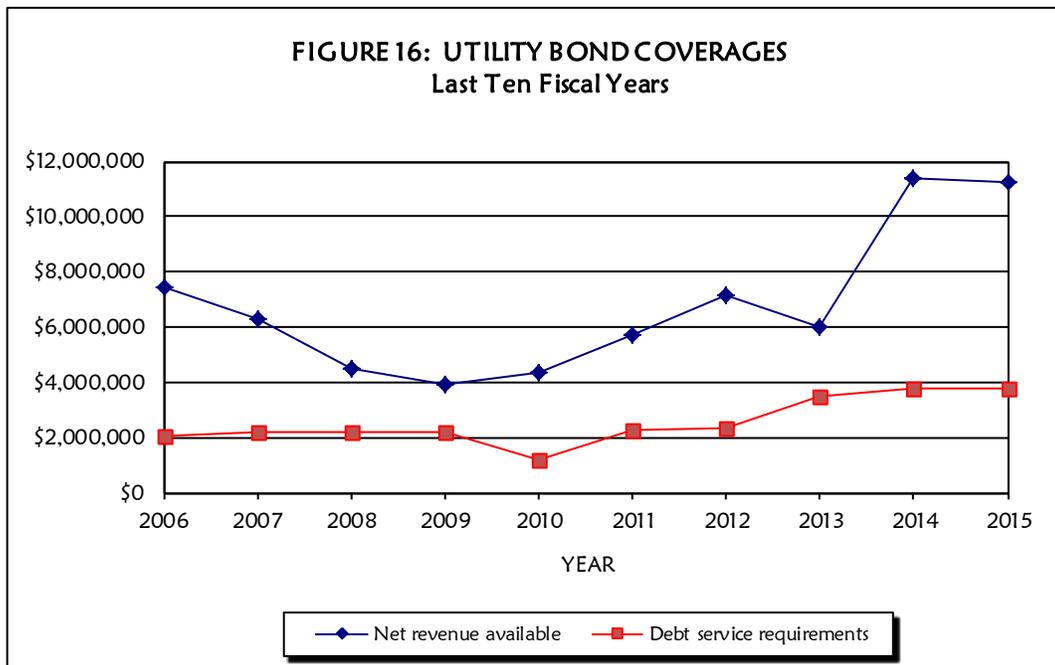


City of Auburn, Washington  
**SCHEDULE 16**  
**PLEGGED REVENUE BOND COVERAGES**  
 Last Ten Fiscal Years

Year	Gross <sup>(1)</sup> Revenue	Direct <sup>(2)</sup> Operating Expense	Net Revenue Available	Debt Service Requirements			Times Coverage
				Principal	Interest	Total <sup>(3)</sup>	
2006	27,087,351	19,615,315	\$ 7,472,036	\$ 1,718,412	\$ 333,016	\$ 2,051,428	3.64
2007	27,492,779	21,237,294	6,255,485	1,914,523	281,065	2,195,588	2.85
2008	27,665,498	23,149,802	4,515,696	1,942,938	279,765	2,222,703	2.03
2009	31,265,941	27,314,611	3,951,330	2,002,938	217,283	2,220,221	1.78
2010	33,115,398	28,749,877	4,365,520	1,056,094	150,675	1,206,769	3.62
2011	34,909,200	29,201,088	5,708,112	1,013,830	1,248,612	2,262,442	2.52
2012	38,119,472	30,974,506	7,144,966	1,028,830	1,277,285	2,306,115	3.10
2013	42,406,722	36,406,640	6,000,082	1,943,830	1,508,405	3,452,235	1.74
2014	46,900,016	35,502,812	11,397,204	2,197,667	1,599,347	3,797,014	3.00
2015	49,673,159	38,425,799	11,247,360	2,231,093	1,563,433	3,794,526	2.96

Source: City of Auburn, Finance Department

- (1) Includes water, sewer & storm drainage operating, interest and other revenues.
- (2) Includes water, sewer & storm drainage operating expenses less depreciation.
- (3) Includes both parity and non-parity debt.

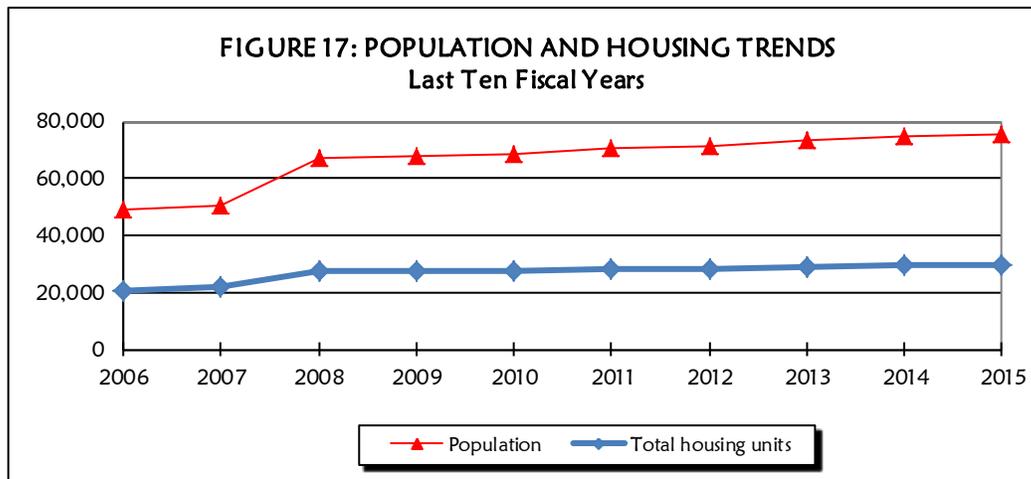


City of Auburn, Washington  
**SCHEDULE 17**  
**POPULATION, INCOME AND HOUSING TRENDS**  
 Last Ten Fiscal Years

Item	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
School enrollment <sup>(1)</sup>	14,367	14,559	14,716	14,589	14,482	14,363	14,596	14,971	15,248	15,536
Rate of unemployment <sup>(2)</sup>	4.8%	4.2%	5.5%	9.5%	9.6%	8.7%	7.7%	6.0%	5.3%	4.6%
Population <sup>(3)</sup>	48,955	50,470	67,005	67,485	68,270	70,705	71,240	73,235	74,630	75,545
Personal income (thousands of dollars) <sup>(4)</sup>	\$ 1,342,836	\$ 1,444,855	\$ 2,024,087	\$ 1,989,660	\$ 1,848,752	\$ 1,901,540	\$ 1,871,973	\$ 1,917,219	\$ 2,000,606	\$ 2,033,520
Per capita personal income <sup>(4)</sup>	\$ 27,430	\$ 28,628	\$ 30,208	\$ 29,483	\$ 27,080	\$ 26,894	\$ 26,277	\$ 26,179	\$ 26,807	\$ 26,918
Housing units <sup>(5)</sup>										
One unit	9,402	9,625	14,186	14,235	14,333	14,823	14,957	15,393	15,804	16,042
Two or more	8,943	9,623	10,375	10,391	10,426	10,592	10,631	10,841	10,841	10,847
Mobile home or special	2,407	2,382	2,761	2,782	2,794	2,635	2,618	2,630	2,631	2,637
Total housing units	20,752	21,630	27,322	27,408	27,553	28,050	28,206	28,864	29,276	29,526

Sources:

- (1) Auburn School District No. 408
- (2) Bureau of Labor Statistics
- (3) WA State Office of Financial Management
- (4) US Census Bureau
- (5) WA State Office of Financial Management



City of Auburn, Washington  
**SCHEDULE 18**  
**MAJOR EMPLOYERS**  
 Current Year and Nine Years Ago

Employer	Product/service	2015			2006		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
The Boeing Company	Aerospace	5,993	1	16.3%	4,200	1	11.7%
The Outlet Collection	Retail	3,208	2	8.7%			
Auburn School District	Education	2,410	3	6.5%	1,995	3	5.5%
Muckleshoot Tribal Enterprises	Gaming	1,650	4	4.5%	2,100	2	5.8%
Multicare Auburn Medical Center*	Hospital	1,580	5	4.3%	625	5	1.7%
Green River Community College	Education	1,315	6	3.6%	850	4	2.4%
Emerald Downs Racetrack	Horse racing	1,162	7	3.2%	500	8	1.4%
Safeway Distribution Center	Distribution Center	870	8	2.4%			
Social Security Administration	Gov't / public offices	660	9	1.8%	600	6	1.7%
Zones, Inc.	Technology reseller	644	10	1.7%	500	9	1.4%
Certainteed Corporation	Construction	-			575	7	1.6%
City of Auburn	City government				455	10	1.3%
<b>TOTALS</b>		<b>19,492</b>		<b>52.9%</b>	<b>12,400</b>		<b>34.5%</b>

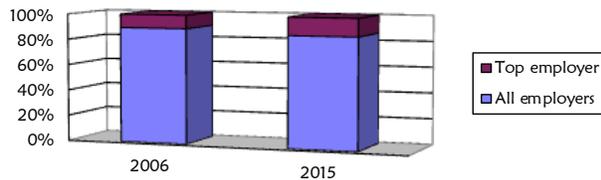
Sources: WA Employment Security Department

\* Was previously Auburn Regional Medical Center.

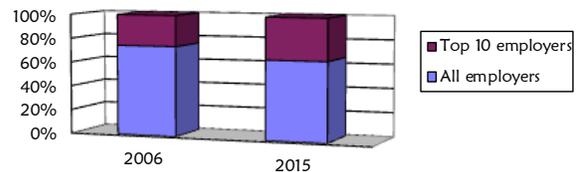
2015 - City of Auburn, Economic Development

2006 - City of Auburn, 2006 CAFR

**FIGURE 18a: AUBURN EMPLOYMENT BASE PERCENTAGE OF TOP EMPLOYER COMPARED TO ALL EMPLOYERS**  
 Last Ten Fiscal Years



**FIGURE 18b: AUBURN EMPLOYMENT BASE PERCENTAGE OF TOP 10 EMPLOYERS COMPARED TO ALL EMPLOYERS**  
 Last Ten Fiscal Years

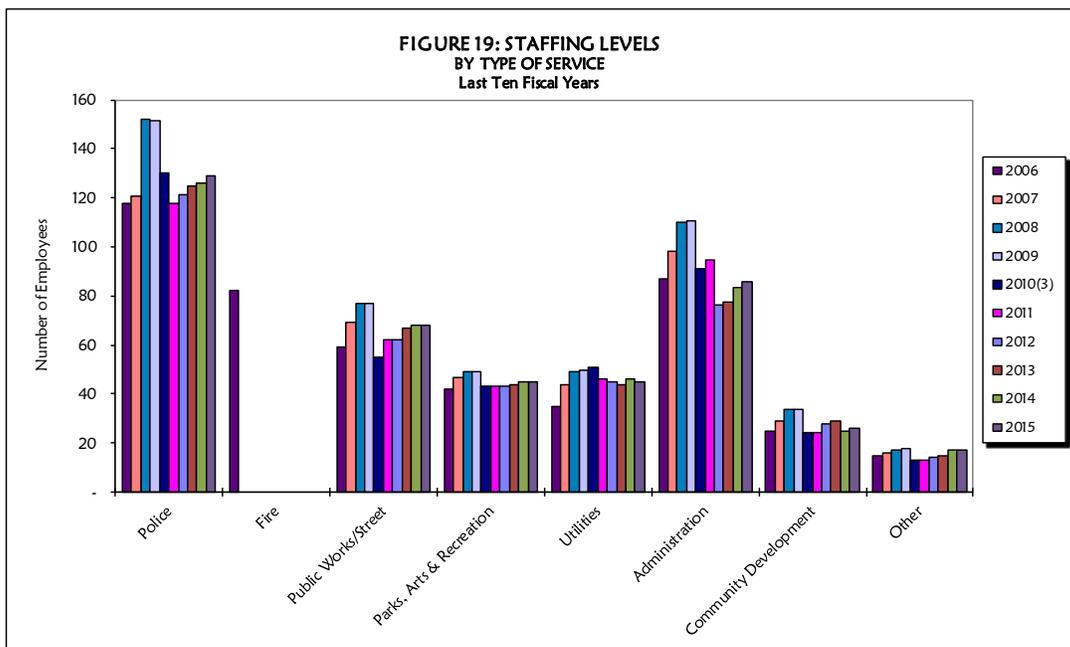


City of Auburn, Washington  
**SCHEDULE 19**  
**STAFFING LEVELS BY DEPARTMENT**  
 Last Ten Fiscal Years

Department	2006	2007	2008	2009	2010(3)	2011	2012	2013	2014	2015
Mayor	10	11	12	12	10	10	7	7	3.0	3.0
Administration <sup>(5)</sup>	-	-	-	-	-	-	-	-	8.0	8.0
Human Resources	15	17	18	9	7	7	8	8	8.0	8.0
Finance	23	24	25	25	21	22	22	23	23.0	23.0
Municipal Court <sup>(4)</sup>	15	17	21	21	17	19	-	-	0.0	0.0
Legal	13	14	16	16	13	13	13	13	14.0	14.0
Community Development <sup>(6)</sup>	25	29	34	34	24	24	28	29	25.0	26.0
Police	118	121	152	152	131	118	122	125	126.0	129.0
Fire <sup>(1)</sup>	82	-	-	-	-	-	-	-	0.0	0.0
Public Works	48	54	63	63	43	43	43	48	49.0	49.0
Parks, Arts and Recreation <sup>(7)</sup>	36	38	40	40	35	36	36	36	45.0	45.0
Street	11	15	14	14	12	19	19	19	19.0	19.0
Water	16	19	20	20	22	22	22	22	24.0	23.0
Sewer	8	11	11	11	11	12	11	10	10.0	10.0
Storm Drainage	9	12	16	17	16	10	10	10	10.0	10.0
Solid Waste	2	2	2	2	2	2	2	2	2.0	2.0
Cemetery	6	7	7	7	7	7	7	5	5.0	5.0
Golf Course <sup>(7)</sup>	6	9	9	9	8	8	8	8	0.0	0.0
Facilities <sup>(2)</sup>	-	-	-	10	10	10	9	9	9.0	10.0
Multi-Media <sup>(8)</sup>	-	-	-	-	-	-	-	-	3.6	3.6
Innovation & Technology	11	15	18	18	14	14	18	18	15.0	16.0
Equipment Rental	9	9	10	11	6	6	7	10	12.0	12.0
<b>TOTAL</b>	<b>463</b>	<b>424</b>	<b>488</b>	<b>490</b>	<b>408</b>	<b>401</b>	<b>391</b>	<b>402</b>	<b>410.6</b>	<b>415.6</b>

Source: City of Auburn Finance Department

- (1) No data is presented for Fire employees for 2007 and thereafter due to the incorporation of the Fire department into a separate legal entity effective 1/1/07.
- (2) Facilities Division was previously included in the Human Resources Department prior to the creation of a new Internal Service fund in 2009.
- (3) Due to the economic downturn, the City eliminated 82.5 of the total 490 positions in 2010.
- (4) In 2012, the City contracted out the Municipal Court to the King County District Court - resulting in a reduction of 19 positions.
- (5) In 2014 the Administration Department was created and consists of 8 FTE's who were reorganized from several existing departments such as the Mayors Department, Public Works and Community Development. This department includes Emergency Management, Public Affairs, Economic Development, Human Services, Veterans Services and Community Services.
- (6) In 2014 the Planning Department was renamed Community Development.
- (7) In 2014 the Golf Course fund was reclassified from an Enterprise Fund and included within the General Fund moving 8 of the Golf Course FTE's to the Parks, Arts and Recreation Department.
- (8) In 2014 the Multi-Media division was reorganized from the Innovation & Technology Fund into it's own Internal Service Fund. The 3.6 FTE's report to the Director of Administration.



City of Auburn, Washington  
**SCHEDULE 20**  
**OPERATING INDICATORS BY DEPARTMENT**  
 Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Planning</b>										
Commercial permits	248	214	95	112	18	38	24	32	64	52
Commercial construction value (\$1,000's)	\$ 63,658	\$ 63,658	\$ 22,887	\$ 58,896	\$ 8,386	\$ 10,904	\$ 13,219	\$ 28,357	\$ 35,786	\$ 36,289
Residential permits	485	293	165	85	184	229	461	464	374	253
Residential construction value (\$1,000's)	\$ 61,872	\$ 61,872	\$ 27,048	\$ 15,739	\$ 36,602	\$ 43,574	\$ 98,212	\$ 96,248	\$ 83,007	\$ 62,043
<b>Police</b>										
Crimes:										
Arson	36	30	24	19	23	29	27	14	32	-
Aggravated Assault	158	143	154	163	137	148	110	145	156	186
Burglary	686	590	630	590	725	757	983	651	810	851
DUI	158	145	194	193	192	214	171	138	126	188
Homicide	-	1	-	3	3	2	6	5	1	8
Narcotics	493	368	439	440	442	396	383	279	458	511
Rape	24	12	14	13	15	23	23	26	31	31
Robbery	122	92	102	92	79	107	110	109	104	91
Theft	2,216	1,962	2,343	2,362	2,533	2,435	2,415	2,583	3,192	2,728
Theft - motor vehicle	642	672	639	370	569	600	588	678	630	996
Traffic:										
Non-criminal	4,978	6,865	6,794	7,788	7,182	5,400	4,922	5,378	6,520	5,489
Parking	3,965	4,802	3,740	4,026	4,648	3,383	1,946	2,052	5,238	3,737
<b>Fire <sup>(1)</sup></b>										
Type of response:										
Building	98	-	-	-	-	-	-	-	-	-
Non-building	238	-	-	-	-	-	-	-	-	-
Alarm systems	524	-	-	-	-	-	-	-	-	-
Service	618	-	-	-	-	-	-	-	-	-
Other	979	-	-	-	-	-	-	-	-	-
First Aid	5,616	-	-	-	-	-	-	-	-	-
<b>Parks and Recreation</b>										
Athletic teams	459	479	416	428	439	429	388	382	358	321
Recreation activities	2,069	2,719	2,056	2,335	2,281	3,462	3,833	3,568	3,557	3,511
Golf course rounds	43,454	50,500	54,993	50,572	49,950	45,484	45,704	47,480	47,697	52,718
Senior center visits	35,381	34,427	36,805	41,032	41,350	41,802	40,704	36,991	40,715	38,485
Cultural activities	58	84	84	90	101	127	146	180	202	204
Museum audience served	9,400	12,090	11,921	11,835	12,570	14,119	15,397	14,163	13,968	13,535
Cemetery burials	277	245	289	232	228	273	259	226	250	237

Sources: Various city departments

(1) 2007 - Effective 1/1/2007 Valley Regional Fire Authority formed replacing the Fire Departments of Auburn, Pacific and Algona.

City of Auburn, Washington  
**SCHEDULE 21**  
**CAPITAL ASSET INDICATORS BY DEPARTMENT**  
 Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General City</b>										
Total area (square miles)	23.4	23.4	30.0	30.1	30.1	30.2	30.2	30.2	30.2	30.2
<b>Public Works</b>										
Miles of streets	180	186	272	276	283	285	249	245	244	254
Number of streetlights	3,575	3,602	5,074	5,392	5,523	5,581	6,101	6,110	6,211	6,362
Number of traffic signals	72	72	83	85	86	89	93	94	94	-
<b>Utilities</b>										
Number of services	12,633	12,954	13,050	13,076	13,372	13,334	13,863	14,106	14,573	14,787
Miles of water lines	279	287	283	293	297	304	314	315	316	320
Miles of sanitary sewer lines	177	182	205	207	213	213	219	220	220	223
Miles of storm lines	195	197	197	204	226	247	252	263	282	294
Number of fire hydrants	2,300	2,369	2,969	2,998	3,044	3,277	3,308	3,329	3,559	3,580
<b>Public Safety</b>										
Number of fire stations <sup>(1)</sup>	3	-	-	-	-	-	-	-	-	-
Number of police stations	2	2	2	2	2	2	2	2	2	2
<b>Parks and Recreation</b>										
Total park acreage <sup>(2)</sup>	596	596	598	602	602	602	630	635	972	977
Number of softball/baseball fields	19	19	19	18	18	18	17	17	18	18
Number of soccer/football fields	3	3	3	3	3	3	3	4	4	4
Number of playgrounds	30	30	32	33	35	35	35	36	28	31

Sources: Various city departments

(1) Effective 1/1/2007 Valley Regional Fire Authority formed replacing the Fire Departments of Auburn, Pacific and Algona.

(2) The increase in total park acreage since 2013 is due to property inventory update in anticipation of the Parks Recreation & Open Space Plan update and additional park categories are now being reported.

City of Auburn, Washington  
**SCHEDULE 22**  
**NUMBER OF UTILITY CUSTOMERS BY CUSTOMER CLASS**  
 Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Water Customers by Class</b>										
Single Family Residential	10,199	10,482	10,493	10,535	10,564	10,704	11,224	11,476	11,822	11,973
Multifamily	915	957	961	985	991	991	989	986	1,000	1,003
Commercial	1,069	1,086	1,098	1,083	1,100	1,095	1,098	1,094	1,146	1,190
Mfr./Industrial	39	39	39	38	38	38	37	37	38	38
Schools	38	39	39	37	37	37	36	37	37	37
City Accounts	27	28	30	27	29	28	26	28	30	30
Irrigation	339	316	383	363	401	434	446	441	493	509
Total Retail Water Customers	12,626	12,947	13,043	13,068	13,160	13,327	13,856	14,099	14,566	14,780
Wholesale Water Customers	7	7	7	8	8	7	7	7	7	7
<b>Sewer Customers by Class</b>										
Single Family Residential (1)	N/A	N/A	10,698	10,711	10,918	11,183	11,522	11,982	12,631	12,890
Non-single Family Residential (1)	N/A	N/A	2,604	2,605	2,612	2,616	2,653	2,659	2,713	2,728
Total Sewer Customers	N/A	N/A	13,302	13,316	13,530	13,799	14,175	14,641	15,344	15,618
<b>Storm Customers by Class</b>										
Single Family Residential (2)	9,694	9,817	14,374	14,441	14,495	14,846	15,168	15,618	16,013	16,222
Non-single Family Residential (2)	1,562	1,595	1,623	1,650	1,769	1,653	1,661	1,640	1,670	1,679
Total Storm Customers	11,256	11,412	15,997	16,091	16,264	16,499	16,829	17,258	17,683	17,901

Sources: City of Auburn - Utility Billing

(1) The City's billing system was converted in 2005, data for Sewer Customers by Class prior to 2005 is not available

(2) The City's billing system was converted in 2005, data for Storm Customers by Class prior to 2006 is not available

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