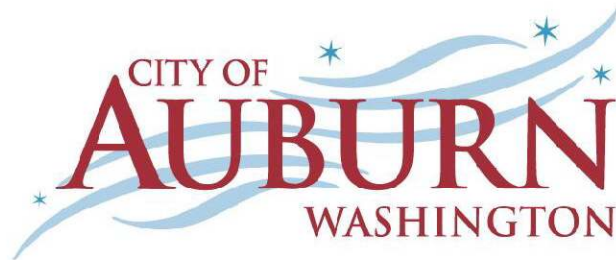


CITY OF AUBURN

WASHINGTON

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Fiscal Year January 1, 2009 through December 31, 2009



Prepared by

Finance Department
Shelley Coleman, Finance Director



CITY OF
AUBURN

* MORE THAN YOU IMAGINED

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2009

TABLE OF CONTENTS

	Page
I. INTRODUCTORY SECTION	
Title Page	
Table of Contents	i
City Officials	1
Organizational Chart (City and Council Committees).....	2
Letter of Transmittal.....	3
Certificate of Achievement.....	11
 II. FINANCIAL SECTION	
Auditor's Report	13
Management's Discussion and Analysis	15
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets.....	35
Statement of Activities	36
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	39
Statement of Revenues, Expenses and Changes in Fund Balance – Governmental Funds.....	40
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Government Funds to the Statement of Activities.....	41
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
General Fund.....	42
Arterial Street Fund.....	43
Statement of Net Assets – Proprietary Funds	46
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	47
Statement of Cash Flows – Proprietary Funds.....	48
Statement of Fiduciary Net Assets – Fiduciary Funds	52
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	53
Notes to the Financial Statements.....	55
Combining and Individual Fund Financial Statements and Schedules:	
Combining Balance Sheet – Non-Major Government Funds	98
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Government Funds.....	99
Combining Balance Sheet – Non-Major Special Revenue Funds.....	102
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Special Revenue Funds	104
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Local Street Special Revenue Fund.....	106
Hotel/Motel Tax Special Revenue Fund.....	107

Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:
(continued)

	Page
Arterial Street Preservation Special Revenue Fund.....	108
Drug Forfeiture Special Revenue Fund.....	109
Local Law Enforcement Grant Special Revenue Fund.....	110
Housing & Community Development Special Revenue Fund.....	111
Recreation Trails Special Revenue Fund.....	112
Business Improvement Area Special Revenue Fund.....	113
Cumulative Reserve Special Revenue Fund.....	114
Mitigation Special Revenue Fund.....	115
Combining Balance Sheet – Non-Major Debt Service Funds.....	118
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Debt Service Funds.....	119
Balance Sheet – Non-Major Capital Project Fund.....	122
Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Capital Project Fund.....	123
Balance Sheet – Permanent Fund.....	126
Statement of Revenues, Expenditures and Changes in Fund Balance – Permanent Fund.....	127
Combining Statement of Net Assets – Non-Major Enterprise Funds.....	130
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Non-Major Enterprise Funds.....	131
Combining Statement of Cash Flows – Non-Major Enterprise Funds.....	132
Combining Statements of Net Assets – Internal Service Funds.....	136
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Internal Service Funds.....	137
Combining Statement of Cash Flows – Internal Service Funds.....	138
Statement of Changes in Assets and Liabilities – Agency Fund.....	142

III. STATISTICAL SECTION

	Schedule	
Net Assets by Component.....	1	144
Changes in Net Assets.....	2	145
Fund Balances, Government Funds.....	3	146
Changes in Fund Balances, Government Funds.....	4	147
Tax Revenues by Source, Government Funds.....	5	148
Assessed Value by Type.....	6	149
Property Tax Data.....	7	150
Property Tax Levies and Collections.....	8	152
Principal Taxpayers – Property Taxes.....	9	153
Retail Tax Collections by Sector.....	10	154
Ratios of Outstanding Debt by Type.....	11	155
Computation of Legal Debt Margin.....	12	156
Legal Debt Margin Ratios.....	13	156
Computation of Net Direct and Estimated Overlapping Debt.....	14	157
Ratio of Net General Bonded Debt to Assessed Value.....	15	158
Pledged Revenue Bond Coverages.....	16	159
Population, Income and Housing Trends.....	17	160
Major Employers.....	18	161
Staffing Levels by Department.....	19	162
Operating Indicators by Department.....	20	163
Capital Asset Indicators by Department.....	21	164



CITY OFFICIALS

MAYOR
Pete Lewis

CITY COUNCIL



Nancy Backus



Virginia Haugen



Lynn Norman



John Partridge



Bill Peloza



Sue Singer

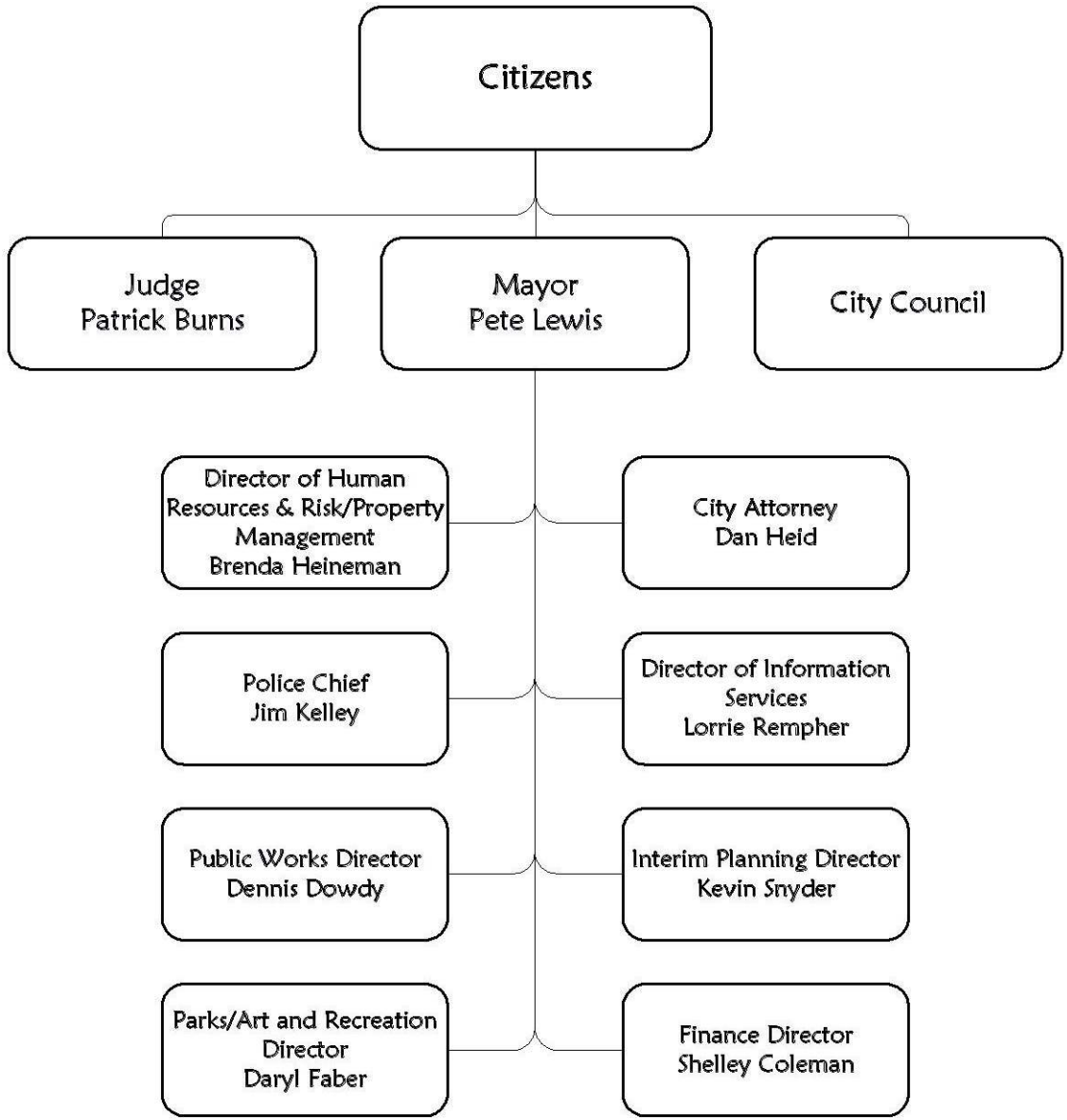


Rich Wagner

DEPARTMENT DIRECTORS

Finance Director
City Attorney
Human Resources Director
Information Services Director
Parks Director
Interim Planning Director
Police Chief
Public Works Director

Shelley Coleman
Dan Heid
Brenda Heineman
Lorrie Rempfer
Daryl Faber
Kevin Snyder
Jim Kelly
Dennis Dowdy



Finance Committee
 Nancy Backus, Chairperson
 Lynn Norman, Vice Chair
 John Partridge

Municipal Services Committee
 Bill Peloza, Chairperson
 Sue Singer, Vice Chair
 John Partridge

Planning & Community Development Committee
 Lynn Norman, Chairperson
 Nancy Backus, Vice Chair
 Rich Wagner

Public Works Committee
 Rich Wagner, Chairperson
 Sue Singer, Vice Chair
 Bill Peloza

June 21, 2010

Honorable Peter Lewis, 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, 2009. 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, 2009. 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 principals 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, 2009 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 2008 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 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 67,500 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, 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 also has a municipal court and jail facilities that provide services to other governmental agencies through interlocal agreements.

II. ECONOMIC CONDITION

A. SUMMARY OF LOCAL ECONOMY

Auburn began as a small rural community based 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 area. 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 over 5,000 people in its Auburn facility. Boeing is a worldwide supplier of aircraft and related products. The City's assessed valuation in 2009, for 2010 property tax collection, was \$7,702,255,337.

Auburn has enjoyed steady residential and industrial growth over the years as development has moved outward from the major cities. The City currently has a growing array of manufacturing facilities, as well as distribution, wholesaling, and retailing operations. Auburn Regional Medical Center, located in Auburn, serves the local geographic area and is a major trauma center of the northwest. The medical center has expanded to include an oncology center and also has constructed a new parking garage.

Auburn also has a significant retailing base, and in addition to maintaining its downtown core businesses, has attracted significant retailers who have constructed major new facilities in Auburn in recent years. The SuperMall of the Great Northwest has increased the retail base as the area surrounding the SuperMall continues to develop as well as the 277th Street business corridor. In addition, in the past 10 years Auburn has seen the development of a new YMCA, a new Justice Center, downtown revitalization, Emerald Downs, Muckleshoot Casino, White River Museum, White River Amphitheater, Washington National Golf Course, the commuter rail station, the new Safeway distribution center, and the newly finished Auburn Golf Course Clubhouse. Auburn has also been a center for automobile sales for a number of years, drawing customers throughout the Puget Sound region.

Since 2000 the City's total assessed property valuation has more than doubled from \$3.0 billion to over \$7.7 billion. The sales tax receipts went from \$13.4 million to \$14.7 million in the same time period. The recent economic downturn compiled 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 sales tax revenues from their high in 2007 of \$17.5 million to \$11.7 million in 2009. The SST eliminates approximately \$200,000 a month of sales tax revenue to the City. The State of Washington has a mitigation plan for cities that are severely impacted by the SST and the City of Auburn received approximately \$2.0 million in mitigation payments in 2009, however, there is no certainty that the mitigation payments will continue.

The City has suffered in the recession and has not been insulated from the same effects being felt at the State and National levels. The economic climate suddenly changed mid year 2008 and has steadily declined through 2009. Sales Tax revenue which constitutes approximately forty percent of the General Fund budget appears to have leveled off and 'reset'. Real Estate Excise Tax revenue decreased 30% from approximately \$2.2 million in 2008 to \$1.5 million in 2009. The current Real Estate Excise Tax revenue forecast is expected to be less than half of past years receipts. The City has reduced staff and corresponding budgets to align the budgets and live within its means.

There is a more positive note regarding City projects that are in the early development and planning stages including the creation of the Auburn Environmental Park and a recently constructed bird viewing tower in the park. The City has also acquired property in the downtown area and entered into development contracts with a clear goal to revitalize the downtown area. The State Legislature identified the Auburn downtown redevelopment area as a demonstration area and the City is the planned recipient of an annual revenue stream from the State that will provide \$6.3 million of infrastructure improvements in the downtown area. This revitalization trend is positive for the aging downtown core and is designed to integrate the existing downtown with the planned development area(s).

Other recently completed projects within the downtown area include the Auburn Regional Medical Center campus expansion. The campus expansion includes an oncology center and a 300 stall parking garage which is a public private partnership with the City where the City will own 149 of the stalls. Also completed is a new professional office building which will provide medical/professional office space, relocation of the Key Bank, and over 50,000 square feet of new space for the City Hall. This project is adjacent to the Medical Center project and City Hall.

Other factors continue to strengthen the local economy over the past several years. Emerald Downs a major thoroughbred horseracing facility in Auburn, was constructed to replace Longacres – the area's former racing facility located in Renton, Washington. Emerald Downs also provides facilities for meetings, banquets and seminars. A major gambling facility is located on the Muckleshoot Indian Reservation in Auburn. This facility has undergone several expansions within the past ten years which include a non-smoking facility, entertainment, and the addition of a 24-hour family restaurant. The casino also completed construction of a five-story parking garage in 2004 to accommodate casino growth and increased numbers of patrons. The Tribe is in the planning stages at this time for further expansion of the facility in the near future. The Tribe also opened the White River Amphitheater, a 25,000 seat outdoor facility in 2003. The total impact of these facilities on the City has been an increased demand for public safety, and a large transportation impact, as the main arterial accessing these sites goes directly through the City.

The Boeing Company's layoffs and divestiture over the past several years in the Puget Sound area has had an effect on the regional and local economy. From 2000 through 2009 Boeing has reduced approximately 48% of its jobs in Auburn. The Boeing downsizing operation has led to new economic growth in Auburn as available property and the adjacent land opens up to development opportunities for other businesses. These new businesses are relocating to Auburn by using property vacated by the Boeing Company. In the long term, the City will benefit from the economic diversity.

Despite economic cycles, the City has continually focused on enhancing the quality of life in the community. In recent years, through strategically placed bond issues, special levies, successful grant procurements, and conservative operations, parks have been expanded, streets improved, commercial and residential sidewalks have been upgraded, and buildings have been advantageously renovated to house a new senior center and parks department. In 1997, the voters elected to annex to the King County Library System. The System completed construction of a new library in the City early in 2000. In 2001, the City renovated the former library building into a new Senior Center at the Les Gove Park campus. In 2003, the City was successful in negotiating the purchase of the former YMCA building located on this campus. The building was demolished and site prepared for the future construction of a Community Center. The campus currently hosts the Library, White River Valley Museum, Parks and Recreation department and Senior Center.

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, particularly in the current and recent recession years of 2001 and 2002, but have maintained the General Fund on a firm financial basis.

The City is maintaining a stable financial condition by reducing expenditure budgets to match the current revenue streams. All funds contain adequate balances, and the City's debt is manageable. The General and Cumulative Reserve funds contain satisfactory balances, 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 generally in satisfactory condition and have adequate balances for their purposes. The Water fund has been under some economic pressure due to an aggressive capital program to meet federal and state requirements. Rates were increased from 2007 through 2010. The City completed a comprehensive plan update in 2009 for all utilities. A rate schedule was developed in 2009 and the associated cost-of-service study for the utilities will be completed in 2010.

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 planning and capital projects underway. Several projects include the reconstruction of aged utility infrastructure, reconstruction of local neighborhood streets and the A Street NW project. This project will improve mobility and will contribute to the completion of a North/South arterial corridor. Also underway is a master plan for the Les Gove Park campus which will house a community center and activity center in the future.

The Pierce County area of the City continues to grow through the development of new single and multifamily housing in Lakeland Hills. Madera town homes, Pinnacle and Kersey Way single-family homes are some of the newest developments with more in the planning stages.

Growth is predicted to continue, but 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 and public safety costs related to incarceration and labor contracts. Continuing to fund 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 Officer's 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 over 100 cities) 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. The City participates 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 coverages 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 2009 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 2009. 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 Officer's 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, 2008. This was the twenty second 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.

The City has also received the Government Finance Officer's Association Distinguished Budget Presentation award for eighteen years. The City was one of just twenty-four cities in the state to receive both the Certificate of Achievement for Excellence in Financial Reporting and the Distinguished Budget Presentation award for 2008.

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

CITY OF
AUBURN

* MORE THAN YOU IMAGINED

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, 2008

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




A large, stylized handwritten signature in black ink, appearing to be "J.R. Emer".

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director



CITY OF
AUBURN

* MORE THAN YOU IMAGINED



**Washington State Auditor
Brian Sonntag**

INDEPENDENT AUDITOR'S REPORT

June 18, 2010

Mayor
City of Auburn
Auburn, Washington

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, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, 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, 2009, 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 conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we will also issue our report dated June 18, 2010, 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. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal



control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 15 through 32 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed 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 and individual fund financial statements and schedules on pages 98 through 142 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, 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 express no opinion on it.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" written in a larger, more prominent script than the last name "Sonntag".

BRIAN SONNTAG, CGFM
STATE AUDITOR

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 assets, the amount by which total assets exceed total liabilities, equal \$553.4 million. A total of \$465.3 million, or 84.1% of total net assets, is invested in capital assets, net of debt related to the capital assets, and includes assets such as utility systems, streets, buildings, land, vehicles and equipment. An additional \$2.2 million of net assets is restricted for purposes of endowment and debt service. Of the remaining \$85.9 million of net assets, \$12.6 million is legally restricted, reserved by City policy for specific purposes, or is restricted for use by the City's utilities and \$73.3 million is unrestricted.
- The net increase in government-wide net assets during 2009 was \$13.5 million. Of this amount, \$17.1 million was directly related to the increase in City-owned capital assets and infrastructure.
- On a government-wide basis, governmental net assets increased by \$12.7 million during 2009. Of this amount \$11.1 million is attributable to the capitalization of construction projects, and the balance of the increase is due to lower than anticipated expenditures.
- Business-type net assets increased by \$818,981 during 2009. While the business-type activities had a net loss of \$1.4 million, net assets increased due to \$1.9 million of utility capital contributions. Of this amount, \$.7 million is related to utility infrastructure contributed to the City by developers, and \$1.2 million is related to new customer connections.
- Governmental fund balances at year-end totaled \$40.5 million. Of this amount, \$38.9 million, or 96%, is unreserved and available to fund ongoing activities. However, the majority of the unreserved fund balance relates to special revenue funds and, as such, is legally restricted for specific purposes. Included in unreserved fund balance is \$5.3 million in the cumulative reserve fund that is intended to provide resources in the event of significant downturns in certain City funds or provide for capital needs as designated by the City Council.

Compared to 2008, total governmental fund balances decreased by \$1.7 million. This decrease is primarily a result of expenditures related to the tenant improvements for the City Hall Annex building.

- The general fund's unreserved fund balance increased \$200,000 from 2008. This increase resulted from a reduction in expenditures.
- Total City debt payments during the year, net of compensated absences, were \$2.3 million. Total outstanding debt, including bonds and loans, totaled \$76.2 million at December 31st. This ending debt balance is an increase of \$50.2 million from 2008 and is the result of the

South Correctional Entity (SCORE) issuance of \$86.2 million in bonds which the City of Auburn is obligated to pay 31% or \$26.7 million of the debt issuance and the City Hall Annex office space capital lease that was partially offset by scheduled debt repayments. See note 9 for further information on debt activity during the year and note 19 for information related to the issuance of \$31,990,000 Limited General Obligation bonds in May 2010.

Other City Highlights:

- Construction of a parallel taxiway at the Auburn Municipal Airport.
- The City worked with other regional governments on future regional water supplies, climate change, water demand, source exchange and small systems management.
- The expanded use of Photosafe Red Light Photo Enforcement and Speed Enforcement within the City to enhance the public safety of our pedestrian and vehicular traffic. Expansion included two school zones.
- Police reduced crime through community programs educating citizens on reducing crimes.
- Continued implementation of the neighborhood traffic calming program using revenues from the Photo Safe Red Light Enforcement program.
- The completion of the second Shoreline Master Program.
- The provision of support to the Save Our Streets program for local street projects.
- The completion of Auburn Way North pedestrian crossing and A Street SE pedestrian improvements.
- The City provided greater opportunity to citizens in need of human service agency services to use those services in a more coordinated manner.
- Completed construction of a bird viewing tower in Auburn Environmental Park.
- The City secured Local Revitalization Financing from the State of Washington to assist in funding downtown infrastructure improvements.

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

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 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 Assets* 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 and long-term obligations. Over time, increases or decreases in net assets 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 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 a golf course, airport, cemetery and commercial retail space. 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 expenditures. 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 Assets is found on the bottom of the governmental funds' Balance Sheet, while 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 Balance.

The City maintains seventeen 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 required supplemental information. Other budgetary comparison schedules 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, cemetery, and golf course and the City-leased retail space.

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, 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 42 and 43, and the pension benefit and other postemployment benefit required supplementary information is found in note 11.

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 assets can serve as a useful indicator of the City's financial position. The City of Auburn's net assets (assets in excess of liabilities) at December 31, 2009 totaled \$553.4 million. Following is a condensed version of the government-wide statement of net assets with a comparison to 2008:

City of Auburn Net Assets

	Governmental Activities		Business-type Activities		Total	
	As of 12/31/09	As of 12/31/08	As of 12/31/09	As of 12/31/08	As of 12/31/09	As of 12/31/08
Current and other assets	\$ 95,967,931	\$ 61,772,384	\$ 37,447,361	\$ 44,721,537	\$ 133,415,292	\$ 106,493,921
Capital assets, net of accumulated depreciation	343,474,388	310,061,603	167,578,719	159,692,228	511,053,107	469,753,831
Total assets	439,442,319	371,833,987	205,026,080	204,413,765	644,468,399	576,247,752
Long-term liabilities	61,994,470	8,354,361	18,295,607	20,348,476	80,290,077	28,702,837
Other liabilities	6,259,422	4,994,178	4,491,593	2,645,390	10,751,015	7,639,568
Total liabilities	68,253,892	13,348,539	22,787,200	22,993,866	91,041,092	36,342,405
Net assets						
Invested in capital assets, net of related debt	314,691,982	303,564,348	150,621,492	144,626,496	465,313,474	448,190,844
Restricted	12,741,566	28,965,599	2,071,219	933,914	14,812,785	29,899,513
Unrestricted	43,754,879	25,955,501	29,546,169	35,859,489	73,301,048	61,814,990
Total net assets	\$ 371,188,427	\$ 358,485,448	\$ 182,238,880	\$ 181,419,899	\$ 553,427,307	\$ 539,905,347

The largest component of the City's net assets, \$465.3 million, or 84.1%, is its investment in capital assets, less debt related to the acquisition or construction of those 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 assets, \$43.7 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 assets, \$29.5 million, represents the unrestricted net assets 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, golf course, cemetery, and commercial retail property). 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 golf course and cemetery.

Restricted governmental fund net assets are \$12.7 million and are restricted for purposes such as capital project construction, debt service, mitigation, and endowment.

Changes in Net Assets

The change in net assets represents the increase or decrease in City net assets resulting from its various activities.

Following is a condensed version of the City's changes in net assets. The table shows the revenues, expenses and related changes in net assets for both governmental-type and business-type activities:

City of Auburn's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues						
Charges for services	\$ 8,108,542	\$ 9,077,556	\$ 42,338,079	\$ 39,883,386	\$ 50,446,621	\$ 48,960,942
Operating grants and contributions	3,001,401	2,567,788	87,454	55,024	3,088,855	2,622,812
Capital grants and contributions	12,806,049	94,905,563	1,992,259	10,670,660	14,798,308	105,576,223
General revenues						
Property taxes	13,362,672	10,804,825	-	-	13,362,672	10,804,825
Sales taxes	14,727,496	17,620,661	-	-	14,727,496	17,620,661
Interfund utility taxes	3,437,526	2,507,213	-	-	3,437,526	2,507,213
Admission & utility taxes	9,071,485	8,075,355	-	-	9,071,485	8,075,355
Excise taxes	2,310,076	3,477,517	-	-	2,310,076	3,477,517
Other taxes	4,607,584	2,949,430	-	-	4,607,584	2,949,430
Investment earnings	570,798	1,589,837	312,618	1,242,363	883,416	2,832,200
Miscellaneous revenue	67,223	2,751,495	3,669,878	330,472	3,737,101	3,081,967
Total revenues	72,070,852	156,327,240	48,400,288	52,181,905	120,471,140	208,509,145
Expenses:						
General government						
General government	7,567,085	8,000,715	-	-	7,567,085	8,000,715
Public safety	25,675,063	28,217,844	-	-	25,675,063	28,217,844
Transportation	11,471,167	12,974,861	-	-	11,471,167	12,974,861
Physical environment	3,327,836	3,096,696	-	-	3,327,836	3,096,696
Culture and recreation	7,561,569	6,271,924	-	-	7,561,569	6,271,924
Economic environment	3,000,257	2,608,980	-	-	3,000,257	2,608,980
Health and human services	527,029	776,224	-	-	527,029	776,224
Interest on long-term debt	408,471	226,651	-	-	408,471	226,651
Water	-	-	8,970,215	8,565,231	8,970,215	8,565,231
Sanitary sewer	-	-	16,569,297	14,479,299	16,569,297	14,479,299
Storm drainage	-	-	7,275,072	5,226,823	7,275,072	5,226,823
Solid waste	-	-	11,019,606	10,781,426	11,019,606	10,781,426
Golf course	-	-	1,909,758	1,958,703	1,909,758	1,958,703
Other business-type activities	-	-	1,666,754	1,720,603	1,666,754	1,720,603
Total expenses	59,538,478	62,173,895	47,410,702	42,732,085	106,949,180	104,905,980
Increase in net assets before transfers	12,532,374	94,153,345	989,586	9,449,820	13,521,960	103,603,165
Transfers	170,605	427,740	(170,605)	(427,740)	-	-
Change in net assets	12,702,979	94,581,085	818,981	9,022,080	13,521,960	103,603,165
Net assets-beginning of period	358,485,448	263,904,363	181,419,899	172,397,819	539,905,347	436,302,182
Net assets-end of period	\$ 371,188,427	\$ 358,485,448	\$ 182,238,880	\$ 181,419,899	\$ 553,427,307	\$ 539,905,347

Governmental activities contributed \$12.7 million to the total increase in City net assets. 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. This amount equaled \$11.1 million, which was offset by an overall increase in the cost and variety of governmental services provided.

General tax revenues increased in the current fiscal year by 4.6%, compared to a decrease of 7.6% in the prior fiscal year:

- Property tax revenue rose \$2.5 million, or 23.7%. This increase is a result of the annexation of Lea Hill and West Hill areas in 2008.
- Sales tax collections fell \$2.9 million, or 16.4% as a result of the economic downturn and the Streamlined Sales Tax legislation enacted in Washington State.
- Utility and admission tax revenue rose by \$996,130 million or 12.3%. The increase is primarily attributable to the one percent utility tax rate increase to fund Arterial Street preservation.
- Other taxes increased by \$1.6 million. The majority of this increase was attributable to streamlined sales tax mitigation.
- Excise tax revenue decreased by \$1,167,441, or 33.6%. The decline in excise taxes is from a drop in real estate excise taxes (REET) of \$671,354 which reflects the decline in real estate activity both in number of transactions and in the average value per transaction.

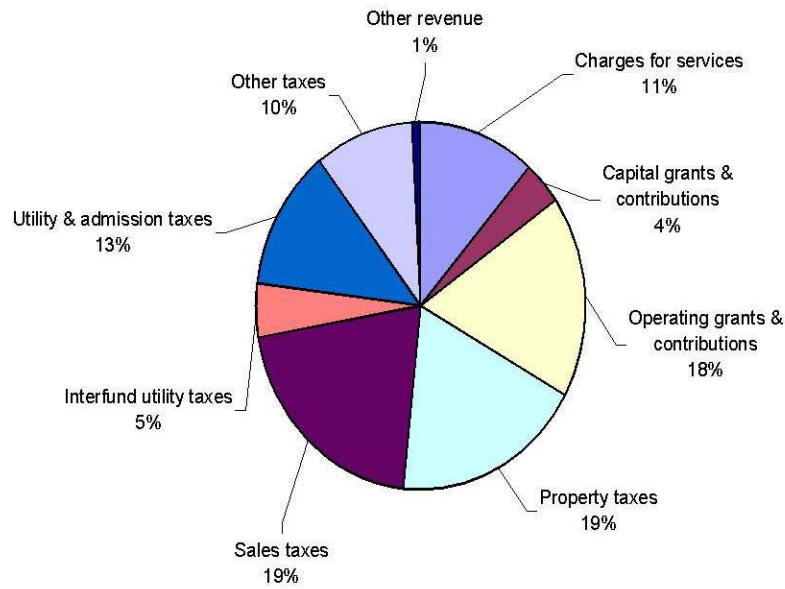
Investment earnings fell by \$1.0 million or 64.1% in governmental activities and \$929,745 in business-type activities for a government-wide decline of \$1.9 million or 68.8%. These declines reflect the tumultuous conditions in the market.

Government-wide Miscellaneous revenue increased \$655,134, due to the increase in business-type activities, and was primarily from a federal grant for the airport parallel taxiway.

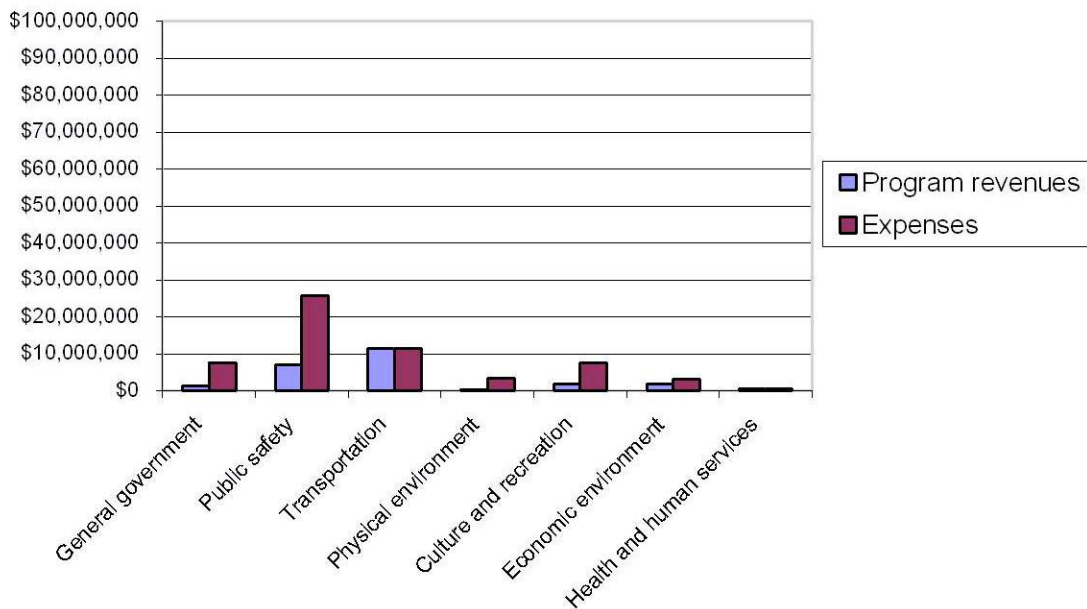
Governmental activities expenses in the primary government as a whole decreased from \$62.2 million to \$59.5 million in 2009 a decrease of 4.3%. The decrease was a result of the City's reduction in workforce, union concessions and unaffiliated reductions in 2009 along with other cost cutting measures.

The first chart on the following page 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.

Revenues by Source - Government Activities



Program Expenses and Revenues - Governmental Activities



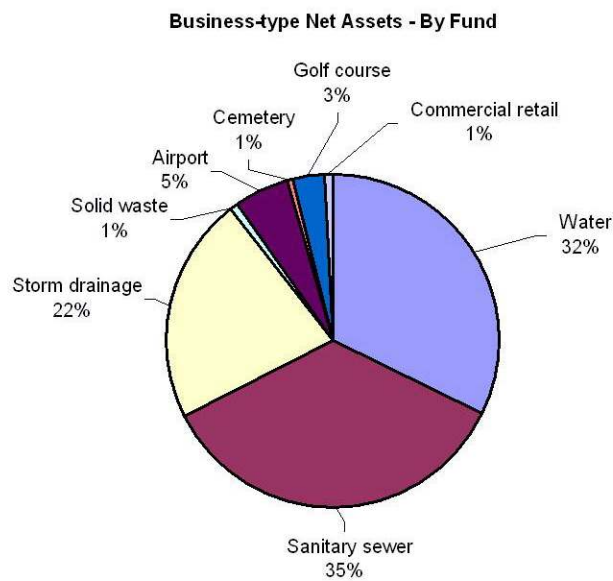
Business-type net assets increased by \$818,981. Key components of this increase include:

- \$1.9 million of the increase relates to utility capital contributions. Of this amount, \$.7 million is related to utility infrastructure contributed to the City by developers, and \$1.2 million is related to new customer connections.

- Income (loss) before capital contributions and transfers amounted to:
 - Water fund: \$ 37,074
 - Sanitary sewer fund: (1,897,955)
 - Storm fund: (166,027)
 - Solid waste fund: (1,320,186)
 - Golf course: (232,998)
 - Non-major funds: 2,188,579
 - \$(1,391,513)

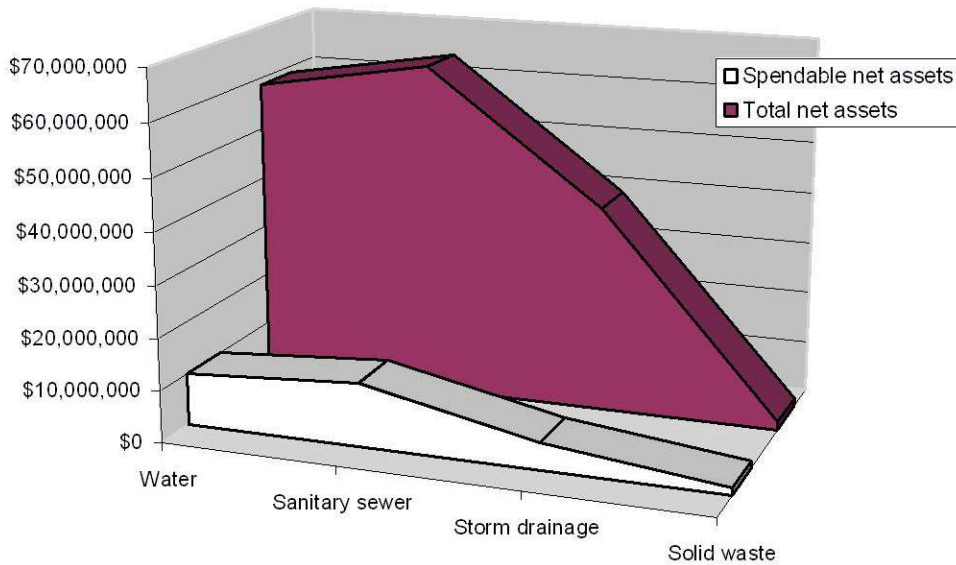
- Net transfers-out totaled \$170,605.

Below is a chart that shows the relative net asset balances for each business-type fund:

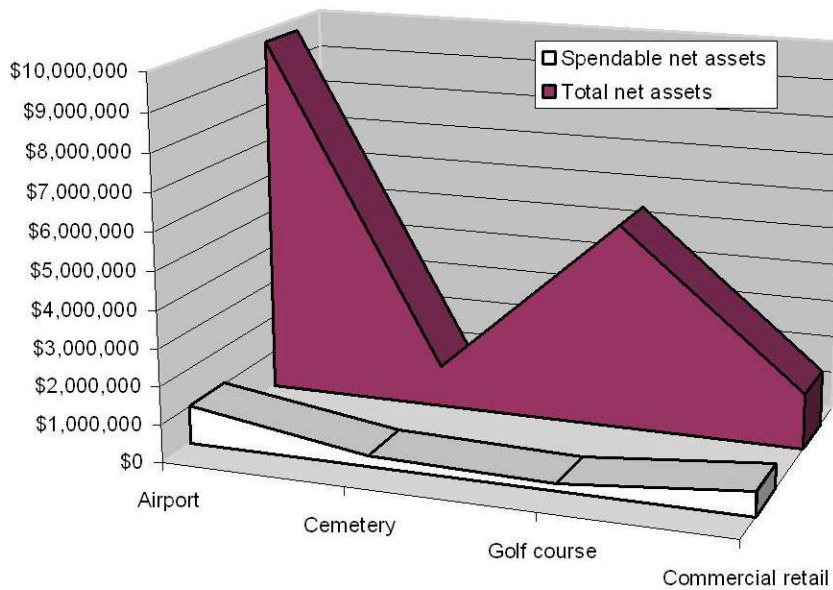


The majority of net assets in the City's enterprise funds relate to capital asset infrastructure, such as water and sewer mains, the airport runway, and the golf course land. As such, most of the net assets are not available to support the ongoing expenses of the funds. Following are two charts that contrast the total net assets to the spendable portion of net assets for each enterprise fund:

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

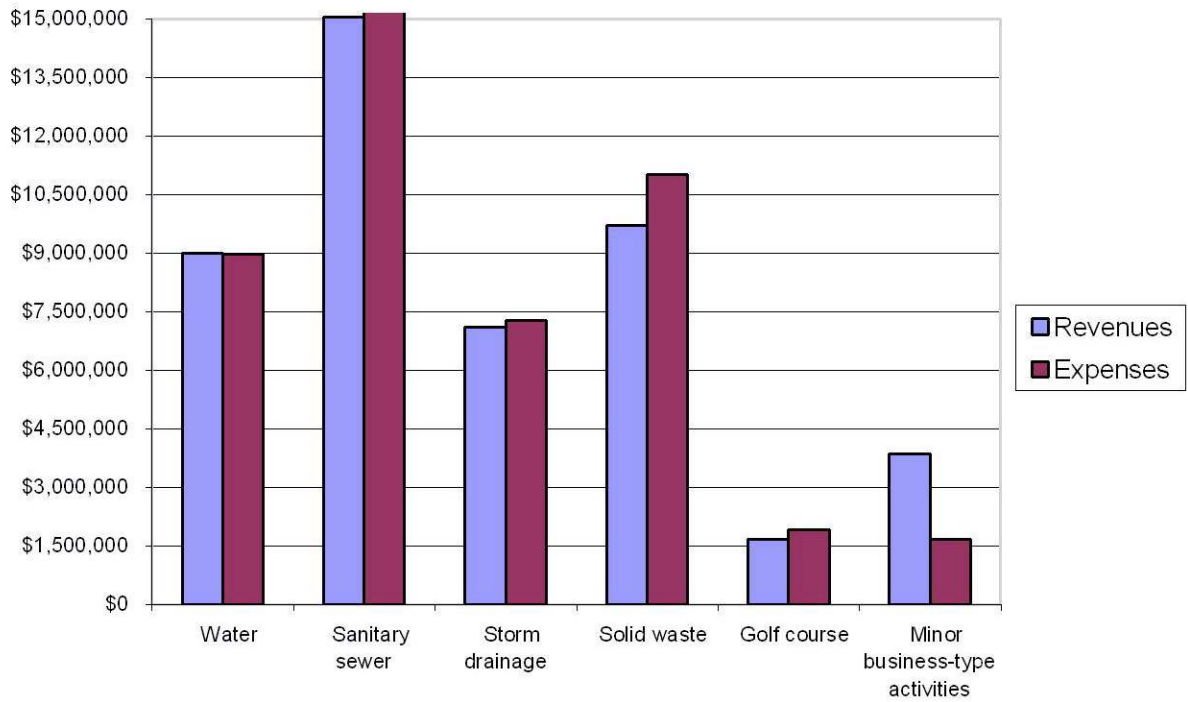


**Comparison of Total Net Assets to Spendable Net Assets
Other Enterprise Funds**

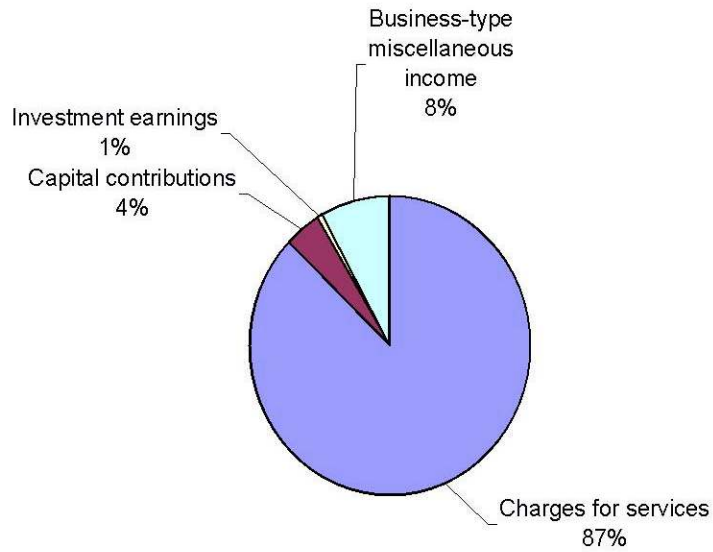


The first chart following depicts the revenues and expenses for business-type funds, while the second shows the various sources of business-type revenue:

**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, 2009, the City's governmental funds had combined fund balances of \$40,535,810, a decrease of \$1,640,644 or 3.88%. This decrease is related to:

- | | |
|-------------------------------------|---------------|
| • General fund | \$166,760 |
| • Arterial street fund | (\$311,074) |
| • Capital improvement projects fund | (\$2,934,510) |
| • Other governmental funds | \$1,438,180 |

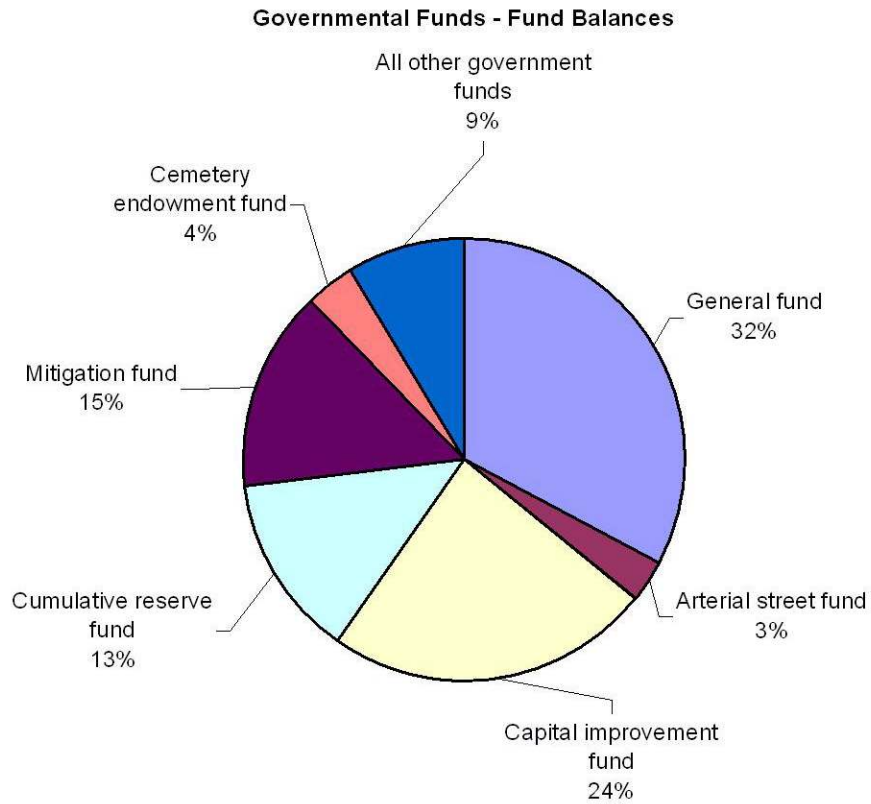
Of the government funds' total fund balances, \$38,997,772 is unreserved. Of this unreserved total, \$10,422,360 is earmarked for capital projects and \$15,184,058 is in special revenue funds and is earmarked for specific purposes. Of the \$1,538,038 of fund balances that are reserved, \$1,352,859 is reserved 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 2009, the general fund had a fund balance of \$13,237,851, all of which is unreserved.

Other funds that had significant fund balances include:

- \$9,770,693 in the capital improvement projects fund; used for various governmental capital asset projects.
- \$5,360,687 in the cumulative reserve fund; used for revenue stabilization or capital projects.
- \$5,971,594 in the mitigation fund; used to collect fees from new development to mitigate the cost of new roads and other infrastructure.
- \$1,506,362 in the cemetery endowed care fund; used for maintenance of the cemetery.

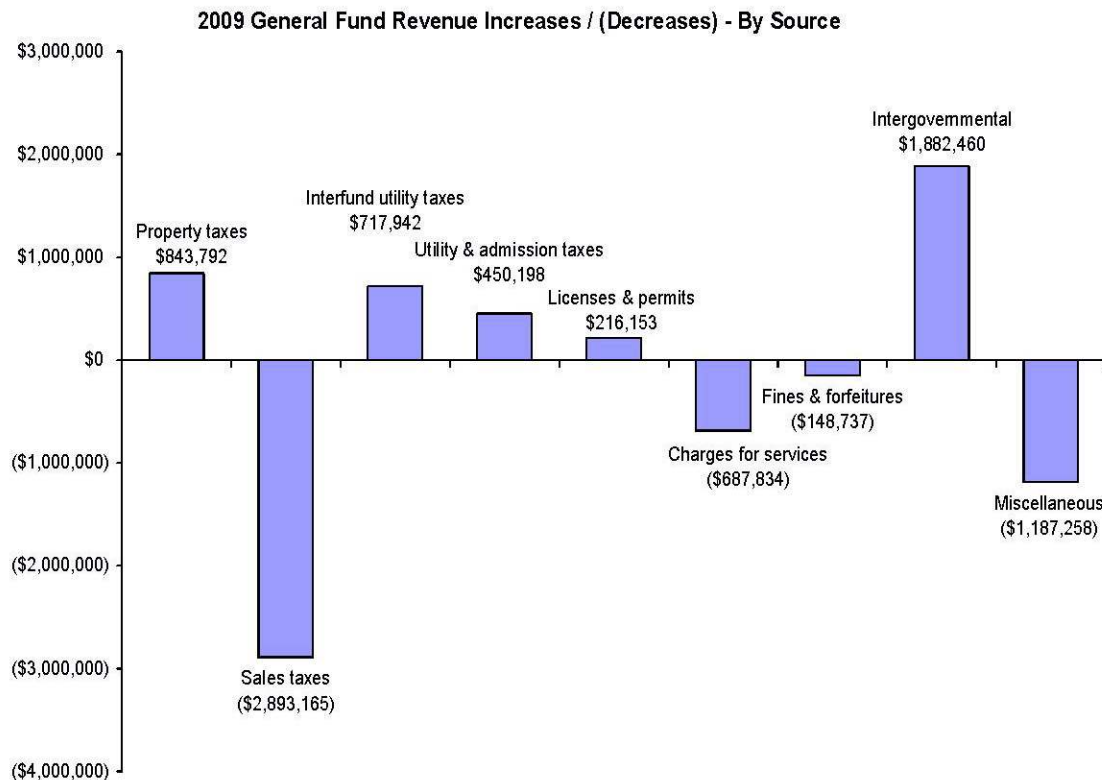
The following chart shows the relative fund balances for governmental funds:



The increase in the general fund balance of \$166,760 is primarily attributable to a decrease in anticipated expenditures. In addition, sales tax revenues declined \$2.9 million or 16.4% reflecting the negative impact of the Streamlined Sales Tax legislation enacted in the State of Washington as well as the impacts of the economic downturn over the fiscal year. These decreases in revenue were partially offset by an increase in intergovernmental revenues of \$1.2 million; the majority of which is attributable to money received from the State for streamlined sales tax mitigation.

General fund expenditures increased by \$184,163 or .01% from 2008. The increase reflects the reduction in the personnel costs and other cost saving measures the City undertook in 2009 in light of the economic downturn.

The general fund revenue decrease of \$806,449 came from the following sources:



The ending fund balance decrease of \$2.9 million in the capital improvement projects fund is largely due to the City's tenant improvements on the City Hall Annex office space.

Other significant changes in fund balances include:

- The mitigation fund increased by \$503,174 as revenues exceeded expenditures and net transfers.
- The local streets fund increased by \$821,212 revenues exceeded expenditures and net transfers.

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 a budget at the end of the preceding fiscal year, and then making adjustments as necessary via budget amendments throughout the next two years. Major budget revisions included:

- Decreasing sales tax revenue by \$2.6 million to adjust for economic downturn.
- Decreasing sales tax credit for the annexation by \$500,000 due to the economic downturn.

- Increasing intergovernmental revenues by \$1.5 million for South Correctional Entity (SCORE) startup cost repayment
- Increasing transfer in from Cumulative Reserve fund by \$1.5 million for SCORE startup costs
- Decreasing Building Permits by \$254,350 as construction declines due to the economic downturn.
- Decreasing salaries and benefits by \$1.3 million due to 11.25 vacant positions City elected to freeze due to the economic downturn.
- Decreasing street department capital outlay for a truck with snowplow by \$280,000 due to the economic downturn.
- Decreasing salaries and benefits by \$ 1.1 million for a reduction in workforce (23.5 positions), freezing 3 more vacant positions, union concessions, and unaffiliated reductions.
- Decreasing intergovernmental professional services by \$620,000 to reserve money for SCORE startup and transition costs in the future.
- Increasing police intergovernmental professional services by \$1.5 million for City's contribution to SCORE
- Increasing transfers out to the Cumulative Reserve fund by \$1.5 million for SCORE repayment of startup costs.

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

- Retail sales and use tax were below budget by \$2.4 million because the streamlined sales tax credit that the State pays the cities for mitigation of losses due to the new destination based sales tax is recorded in intergovernmental revenues but the City includes this credit in its retail sales tax budget.
- Intergovernmental revenues exceeded the budgeted amount by \$1.5 million because the City received streamlined sales tax mitigation payment of \$2.0 million from the State of Washington which were not included in the intergovernmental revenue budget but in the retail sales and use tax budget. The difference is SCORE repayment startup costs that the City did not receive in 2009.
- Security of persons and property expenditures were below budget by \$1.5 million as jail costs were less than anticipated, and the City did not install as many Redflex traffic lights as planned.
- Transfers in were \$1.2 million less than budgeted due to \$500,000 that was not transferred in from the Commercial Retail fund and \$743,043 was not transferred in from the Cumulative Reserve fund for the City's contribution to SCORE startup costs.

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, 2009 totaled \$511.1 million (net of accumulated depreciation), an increase of \$41.3 million from 2008. 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:

- \$24.5 million capital lease for the City Hall Annex
- Developer contributions resulted in an increase of \$1.2 million in utility infrastructure assets and \$2.7 million in governmental infrastructure assets.
- \$11.3 million was spent by proprietary funds on construction projects during the year.
- \$16.5 million was spent by governmental funds on construction projects during the year. Some of the larger projects in the governmental funds include:
 - \$1.5 million on Local Street Pavement Preservation
 - \$1.5 million on Arterial Pavement Preservation
 - \$3.2 million on City Hall Annex
 - \$1.4 million on Harvey Road & 8th Street NE
 - \$0.7 million on Auburn Community Center

A summary of the City's net assets follows:

Summary of Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	As of 12/31/09	As of 12/31/08	As of 12/31/09	As of 12/31/08	As of 12/31/09	As of 12/31/08
Land	\$ 106,289,278	\$ 105,137,746	\$ 14,464,997	\$ 14,464,997	\$ 120,754,275	\$ 119,602,743
Building	14,778,942	15,569,975	8,129,361	8,454,977	22,908,303	24,024,952
Site improvements	4,907,626	4,957,636	130,188,990	133,417,881	135,096,616	138,375,517
Equipment	7,160,049	6,613,919	545,342	419,592	7,705,391	7,033,511
Intangibles	25,206,436	616,633	-	-	25,206,436	616,633
Infrastructure	168,650,222	168,394,252	-	-	168,650,222	168,394,252
Construction in progress	16,481,836	5,494,727	14,250,029	2,934,771	30,731,865	8,429,498
	<u>\$ 343,474,389</u>	<u>\$ 306,784,888</u>	<u>\$ 167,578,719</u>	<u>\$ 159,692,218</u>	<u>\$ 511,053,108</u>	<u>\$ 466,477,106</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 bonded debt outstanding of \$38,397,677. Of this amount, \$27,985,850 is due to other governments, \$8,175,000 is general obligation bonds, \$2,200,000 is revenue bonds for the water and storm utilities, and \$36,827 is special assessment debt with government commitment. 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	\$ 2,235,000	\$ 5,940,000	\$ 8,175,000
Special assessment bonds	36,827	-	36,827
Revenue bonds	-	2,200,000	2,200,000
Due to other governments	27,985,850	-	27,985,850
	<u>\$ 30,257,677</u>	<u>\$ 8,140,000</u>	<u>\$ 38,397,677</u>

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

Other Long-term Debt

Public Works Trust Fund loans	\$ 10,014,943
Employee leave benefits	2,649,569
	<u>\$ 12,664,512</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. Following is a summary of the City's legal debt limitations and capacity:

Summary of legal debt limits and capacity

With a Vote	<u>Legal Limitation</u>	<u>Auburn Capacity</u>
General	\$ 192,556,383	\$ 129,922,696
Open spaces/parks	192,556,383	192,556,383
Utilities	192,556,383	192,556,383
Totals	<u>\$ 577,669,150</u>	<u>\$ 515,035,463</u>
Without a Vote		
General	\$ 115,533,830	\$ 52,900,143
Totals	<u>\$ 115,533,830</u>	<u>\$ 52,900,143</u>

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

Economic Factors

The outlook for 2010 and beyond is guarded. The economy in the county and the City has experienced the same deep, lingering recession as that of the nation. The largest impact on the City is the decline in sales tax and development revenues. In addition there has been a \$2.1 million drop in interest income for the City. Many existing businesses have reduced their forces and unemployment in Auburn ranges between 9% for blue collar workers and close to 12% for middle management. However in spite of the recession there is development occurring in the City:

- Auburn Regional Medical Center has recently completed construction of an 11,000-square foot cancer treatment center adjacent to the hospital, along with a public/private mix 300-stall parking garage. The City owns 145 of the stalls in the garage
- A new three story building houses City offices (City Hall Annex) on the second and a portion of the third floor. The building also features Key Bank as its anchor, along with medical/professional offices.
- Downtown redevelopment is planned on several blocks (4+) near the Transit Station. A developer has been selected and the project value is estimated to be \$240 million. The State has identified the Auburn project as a demonstration project and the City will receive up to \$250,000 a year that will support approximately \$7.2 million in infrastructure improvements in this area. The City was recently awarded a \$3.0 million Economic Development Administration grant for this project.
- Plans are moving forward to develop a large retail/office project in the City's north end that had been a drive-in movie complex. Up to 65 acres may be involved. Significant new retail sales tax revenues would be generated from this project.

- A new Super Wal-Mart has begun construction adjacent to the Super Mall and is scheduled for opening in the fall of this year. That will also provide the City with new jobs and new tax revenues.

The City has and is adjusting the current expenditure budget in order to live within its means. The recession is anticipated to end early 2010. However, the return of revenue levels will be sometime further off in the future. The City views this economic event as a 'reset' of revenue to a lower base and expectations are that it may be several years before they return to prior levels.

Requests for Information

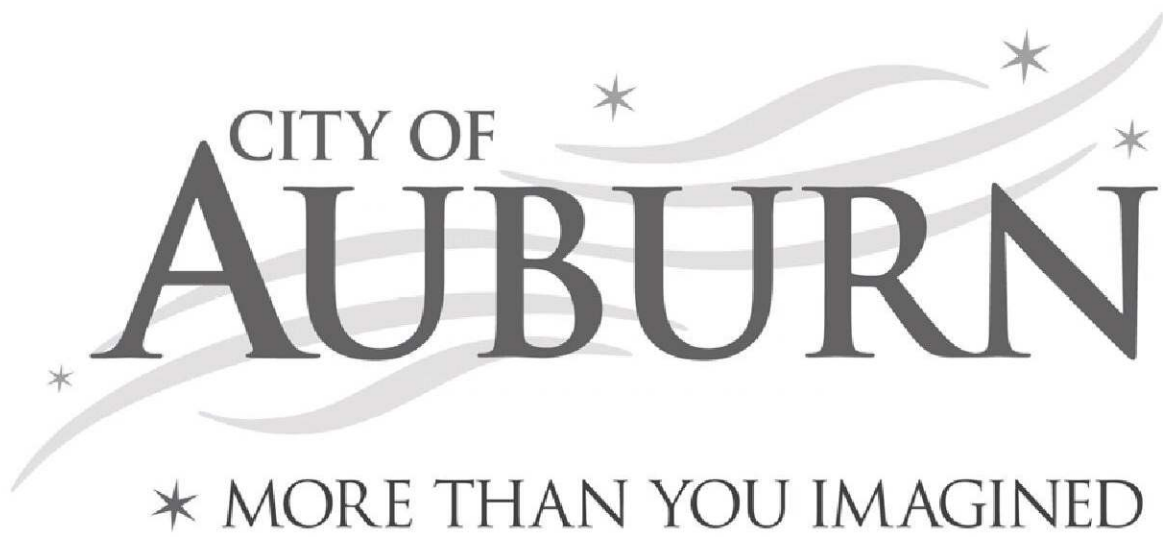
This financial report is designed to provide a general overview of the City of Auburn's finances for readers with an interest in the City's finances. Questions concerning this report, or requests for additional information, may be addressed to the Finance Director, City of Auburn, 25 West Main Street,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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City presents two government-wide financial statements:

The Statement of Net Assets provides information all on city assets and liabilities, with the difference between the two reported as net assets.

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.



CITY OF AUBURN, WASHINGTON
STATEMENT OF NET ASSETS
 DECEMBER 31, 2009

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
CASH AND CASH EQUIVALENTS (Note 3)	\$ 37,853,416	\$ 23,177,483	\$ 61,030,899
CASH WITH OUTSIDE AGENCIES	-	-	-
INVESTMENTS (Note 3)	3,991,562	5,046,023	9,037,585
RECEIVABLES:			
TAXES	446,919	-	446,919
CUSTOMER ACCOUNTS	177,165	4,397,705	4,574,870
OTHER RECEIVABLES	2,662,766	26,841	2,689,607
SPECIAL ASSESSMENTS	650,919	-	650,919
DUE FROM OTHER GOVERNMENTAL UNITS (Note 6)	1,245,446	1,106,654	2,352,100
INTERNAL BALANCES	(233,216)	233,216	-
MATERIALS AND SUPPLIES INVENTORY	111,861	206,813	318,674
LONG-TERM CONTRACTS AND NOTES	641,075	1,057,442	1,698,517
DEFERRED CHARGES	1,564,407	-	1,564,407
RESTRICTED ASSETS:			
TEMPORARILY RESTRICTED:			
CASH AND CASH EQUIVALENTS (Note 3)	10,993,821	2,195,184	13,189,005
DUE FROM OTHER GOVERNMENTAL UNITS (Note 6)	575,336	-	575,336
PERMANENTLY RESTRICTED:			
CASH AND CASH EQUIVALENTS (Note 3)	1,199,356	-	1,199,356
INVESTMENT IN JOINT VENTURES	34,087,098	-	34,087,098
DEPRECIABLE CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION): (Note 7)	220,703,275	138,863,693	359,566,968
NON-DEPRECIABLE CAPITAL ASSETS	122,771,114	28,715,026	151,486,140
TOTAL ASSETS	439,442,319	205,026,080	644,468,399
LIABILITIES:			
ACCOUNTS PAYABLE	5,992,931	4,228,329	10,221,260
OTHER LIABILITIES PAYABLE	266,491	54,077	320,568
PAYABLE FROM RESTRICTED ASSETS:			
ACCRUED INTEREST	-	139,299	139,299
DEPOSITS	-	69,888	69,888
MATURED BONDS PAYABLE	-	-	-
UNEARNED REVENUE	1,720,387	871,464	2,591,851
DEFERRED CREDITS	-	-	-
DUE TO OTHER GOVERNMENTAL UNITS	27,985,850	-	27,985,850
SPEC ASSESSMENT DEBT WITH GOV'T COMMITMENT (Note 12)	36,827	-	36,827
NET OPEB OBLIGATION	1,446,786	-	1,446,786
BONDS AND OTHER DEBT PAYABLE:			
DUE WITHIN ONE YEAR (Note 12)	4,010,685	1,665,505	5,676,190
DUE IN MORE THAN ONE YEAR (Note 12)	26,793,935	15,758,638	42,552,573
TOTAL LIABILITIES	68,253,892	22,787,200	91,041,092
NET ASSETS:			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	314,691,982	150,621,492	465,313,474
RESTRICTED FOR:			
CAPITAL PROJECTS	3,192,582	-	3,192,582
DEBT SERVICE	151,451	851,361	1,002,812
SPECIAL REVENUE FUND PROJECTS	8,198,177	-	8,198,177
PERMANENT FUND			
EXPENDABLE	-	-	-
NONEXPENDABLE	1,199,356	-	1,199,356
OTHER PURPOSES	-	-	-
RATE STABILIZATION	-	300,000	300,000
CONSTRUCTION	-	919,858	919,858
UNRESTRICTED NET ASSETS	43,754,879	29,546,169	73,301,048
TOTAL NET ASSETS	\$ 371,188,427	\$ 182,238,880	\$ 553,427,307

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

CITY OF AUBURN, WASHINGTON
STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2009

	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
<u>FUNCTIONS / PROGRAMS:</u>				
PRIMARY GOVERNMENT				
GOVERNMENTAL ACTIVITIES:				
GENERAL GOVERNMENT	\$ 7,567,085	\$ 814,095	\$ 191,693	\$ 354,000
PUBLIC SAFETY	25,675,063	2,854,530	1,814,533	2,255,864
TRANSPORTATION	11,471,167	1,587,850	-	9,821,460
PHYSICAL ENVIRONMENT	3,327,836	147,996	88,049	66,464
CULTURE AND RECREATION	7,561,569	1,048,390	367,119	308,261
ECONOMIC ENVIRONMENT	3,000,257	1,654,692	141,550	-
HEALTH AND HUMAN SERVICES	527,029	989	398,457	-
INTEREST ON LONG-TERM DEBT	408,471	-	-	-
	59,538,478	8,108,542	3,001,401	12,806,049
BUSINESS-TYPE ACTIVITIES:				
WATER	8,970,215	8,825,924	-	649,742
SANITARY SEWER	16,569,297	14,902,566	-	592,376
STORM DRAINAGE	7,275,072	6,000,863	-	750,141
SOLID WASTE	11,019,606	9,599,236	87,454	-
GOLF COURSE	1,909,758	1,653,769	-	-
NONMAJOR BUSINESS-TYPE ACTIVITIES	1,666,754	1,355,721	-	-
	47,410,702	42,338,079	87,454	1,992,259
TOTAL PRIMARY GOVERNMENT	\$ 106,949,180	\$ 50,446,621	\$ 3,088,855	\$ 14,798,308

GENERAL REVENUES:

TAXES:

- PROPERTY
- RETAIL SALES AND USE
- INTERFUND UTILITY
- UTILITY
- EXCISE
- OTHER

INVESTMENT EARNINGS

MISCELLANEOUS

GAIN ON SALE OF CAPITAL ASSETS

CONTRIBUTIONS TO ENDOWMENT FUNDS

TRANSFERS (Note 5)

TOTAL GENERAL REVENUES

CHANGE IN NET ASSETS

NET ASSETS - BEGINNING

NET ASSETS - ENDING

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

Page 2 of 2

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITY	TOTAL
\$ (6,207,297)	\$ -	\$ (6,207,297)
(18,750,136)	-	(18,750,136)
(61,857)	-	(61,857)
(3,025,327)	-	(3,025,327)
(5,837,799)	-	(5,837,799)
(1,204,015)	-	(1,204,015)
(127,583)	-	(127,583)
(408,471)	-	(408,471)
<u>(35,622,486)</u>	<u>-</u>	<u>(35,622,486)</u>
-	505,451	505,451
-	(1,074,355)	(1,074,355)
-	(524,068)	(524,068)
-	(1,332,916)	(1,332,916)
-	(255,989)	(255,989)
-	(311,033)	(311,033)
-	<u>(2,992,910)</u>	<u>(2,992,910)</u>
<u>\$ (35,622,486)</u>	<u>\$ (2,992,910)</u>	<u>\$ (38,615,396)</u>
\$ 13,362,672	\$ -	\$ 13,362,672
14,727,496	-	14,727,496
3,437,526	-	3,437,526
9,071,485	-	9,071,485
2,310,076	-	2,310,076
4,607,584	-	4,607,584
570,798	312,618	883,416
114,607	3,662,157	3,776,764
(88,023)	7,721	(80,302)
40,639	-	40,639
170,605	(170,605)	-
<u>48,325,465</u>	<u>3,811,891</u>	<u>52,137,356</u>
<u>12,702,979</u>	<u>818,981</u>	<u>13,521,960</u>
358,485,448	181,419,899	539,905,347
<u>\$ 371,188,427</u>	<u>\$ 182,238,880</u>	<u>\$ 553,427,307</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's one-half cent gas tax 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, 2009

	GENERAL FUND	ARTERIAL STREET	CAPITAL IMPROVEMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
CASH AND CASH EQUIVALENTS	\$ 9,047,865	\$ 1,827,584	\$ 10,604,645	\$ 16,440,462	\$ 37,920,556
INVESTMENTS	2,990,937	-	1,000,625	-	3,991,562
RECEIVABLES:					
TAXES	446,919	-	-	-	446,919
CUSTOMER ACCOUNTS	119,255	-	51,400	-	170,655
OTHER RECEIVABLES	2,592,860	-	-	56,345	2,649,205
SPECIAL ASSESSMENTS	-	-	-	650,919	650,919
INTERFUND RECEIVABLE (Note 5)	-	-	59,375	-	59,375
LONG-TERM NOTES AND CONTRACTS	-	-	641,075	-	641,075
DUE FROM OTHER GOVERNMENTAL UNITS	1,217,764	426,522	-	148,814	1,793,100
DEFERRED CHARGES	-	-	-	4,320	4,320
TOTAL ASSETS	\$ 16,415,600	\$ 2,254,106	\$ 12,357,120	\$ 17,300,860	\$ 48,327,686
LIABILITIES AND FUND BALANCES:					
CURRENT PAYABLES	\$ 2,500,995	\$ 585,050	\$ 1,945,352	\$ 363,338	\$ 5,394,735
CUSTOMER DEPOSITS	226,679	-	-	-	226,679
OTHER LIABILITIES PAYABLE	359	-	-	-	359
DEFERRED REVENUE	449,716	428,393	641,075	650,919	2,170,103
TOTAL LIABILITIES	3,177,749	1,013,443	2,586,427	1,014,257	7,791,876
FUND BALANCES:					
RESERVED FOR:					
DEBT SERVICE	-	-	-	185,179	185,179
ENDOWMENT	-	-	-	1,352,859	1,352,859
UNRESERVED, REPORTED IN:					
GENERAL FUND	13,237,851	-	-	-	13,237,851
SPECIAL REVENUE FUNDS	-	1,240,663	-	13,943,395	15,184,058
CAPITAL PROJECT FUNDS	-	-	9,770,693	651,667	10,422,360
PERMANENT FUND	-	-	-	153,503	153,503
TOTAL FUND BALANCES	13,237,851	1,240,663	9,770,693	16,286,603	40,535,810
TOTAL LIABILITIES AND FUND BALANCES	\$ 16,415,600	\$ 2,254,106	\$ 12,357,120	\$ 17,300,860	\$ 48,327,686

Total governmental fund balances as reported on this statement \$ 40,535,810

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

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. 336,770,669

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.

Prepaid expenses	1,421,612	
Interest receivable on investments	13,561	
Unearned revenue beyond the city's 30-day measurable and available period	449,716	
Deferred charges for bond issue costs	922	
	1,885,810	1,885,810

Internal service funds are used by management to charge the cost of certain activities, such as insurance and fleet maintenance, to individual funds. The assets and liabilities of these internal service funds are included in governmental activities in the statement of net assets. 17,957,299

Certain Joint Ventures activities do not use or provide current financial resources but increase net assets. 6,101,248

Some liabilities are not due and payable in the current period and therefore are not reported in the funds.

Bonds and loans payable	(28,782,406)	
Interest payable	(33,728)	
Net pension obligation	138,475	
Net other postemployment obligations	(1,446,786)	
Compensated absences payable	(1,937,965)	
	(32,062,410)	(32,062,410)

Net assets of government activities as reported on the statement of net assets \$ 371,188,427

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
GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2009

	GENERAL FUND	ARTERIAL STREET	CAPITAL IMPROVEMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
TAXES:					
PROPERTY	\$ 10,601,791	\$ -	\$ -	\$ 2,313,152	\$ 12,914,943
RETAIL SALES & USE	14,727,496	-	-	-	14,727,496
INTERFUND UTILITY	3,042,567	-	-	394,959	3,437,526
UTILITY	7,938,021	-	-	1,133,464	9,071,485
EXCISE	680,373	-	1,558,926	70,777	2,310,076
OTHER	-	-	-	52,480	52,480
LICENSES AND PERMITS	1,326,875	-	-	-	1,326,875
INTERGOVERNMENTAL	7,670,754	1,165,708	-	779,605	9,616,067
CHARGES FOR SERVICES	1,709,191	-	-	1,764,008	3,473,199
FINES AND FORFEITURES	1,911,034	-	-	-	1,911,034
SPECIAL ASSESSMENTS	-	-	56,130	51,467	107,597
INVESTMENT EARNINGS	169,445	14,994	140,770	159,487	484,696
MISCELLANEOUS	495,110	257,620	20,693	369,005	1,142,428
TOTAL REVENUES	50,272,657	1,438,322	1,776,519	7,088,404	60,575,902
EXPENDITURES:					
CURRENT:					
GENERAL GOVERNMENT	7,864,410	-	-	-	7,864,410
SECURITY OF PERSONS AND PROPERTY	25,356,285	-	-	405,831	25,762,116
PHYSICAL ENVIRONMENT	3,192,089	-	-	-	3,192,089
TRANSPORTATION	2,761,113	4,043,771	-	3,045,695	9,850,579
ECONOMIC ENVIRONMENT	2,341,297	-	-	687,387	3,028,684
HEALTH AND HUMAN SERVICES	527,029	-	-	-	527,029
CULTURE AND RECREATION	6,622,546	-	-	-	6,622,546
DEBT SERVICE:					
PRINCIPAL	213,258	35,578	-	230,825	479,661
INTEREST AND OTHER COSTS	159,239	1,456	-	135,546	296,241
CAPITAL OUTLAY	-	-	29,154,937	1,183,571	30,338,508
TOTAL EXPENDITURES	49,037,266	4,080,805	29,154,937	5,688,855	87,961,863
EXCESS (DEFICIENCY) OF REVENUES					
OVER (UNDER) EXPENDITURES	1,235,391	(2,642,483)	(27,378,418)	1,399,549	(27,385,961)
OTHER FINANCING SOURCES (USES):					
SALES OF CAPITAL ASSETS	100,754	-	10	26,977	127,741
INSURANCE RECOVERIES	114,607	-	-	-	114,607
ISSUANCE OF DEBT	35,878	921,400	-	-	957,278
PROCEEDS FROM CAPITAL LEASE	-	-	24,549,186	-	24,549,186
TRANSFERS IN (Note 5)	1,773,957	1,524,151	1,195,158	2,501,040	6,994,306
TRANSFERS OUT (Note 5)	(3,093,827)	(114,142)	(1,300,446)	(2,489,386)	(6,997,801)
TOTAL OTHER FINANCING SOURCES AND USES	(1,068,631)	2,331,409	24,443,908	38,631	25,745,317
NET CHANGE IN FUND BALANCES	166,760	(311,074)	(2,934,510)	1,438,180	(1,640,644)
FUND BALANCES - BEGINNING	13,071,091	1,551,737	12,705,203	14,848,423	42,176,454
FUND BALANCES - ENDING	\$ 13,237,851	\$ 1,240,663	\$ 9,770,693	\$ 16,286,603	\$ 40,535,810

The notes to the 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, 2009

Net change in fund balances per the Statement of Revenues, Expenditures and Changes in Fund Balance	\$ (1,640,644)
Amount reported as change in net assets 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 (\$37,504,802) exceeded depreciation (\$10,238,356) in the current period.	27,266,446
Certain Capital and Joint Venture activities do not use or provide current financial resources but increase net assets.	8,764,421
Governmental funds report proceeds from sales of assets as other financing sources while the Statement of Activities reports only the gain or loss on sale of capital assets	(202,974)
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 assets and does not affect the statement of activities.	(25,506,464)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Deferred revenue	449,717
Donation of property	-
Amortization of bond premium	3,138
Investment interest receivable	<u>34,927</u>
	487,782
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.	3,102,832
Repayment of the principal of long-term debt consumes the current financial resources of governmental funds but has no effect on the net assets.	479,661
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.	1,136,781
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 debt issue costs	(3,240)
Amortization of prepaid expenses	(109,355)
Change in accrued interest payable	3,259
Change in net pension obligation	114,735
Change in net other postemployment benefits	(653,582)
Change in compensated absences payable	<u>(536,679)</u>
	(1,184,862)
Change in net assets on the Statement of Activities	\$ 12,702,979

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
GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

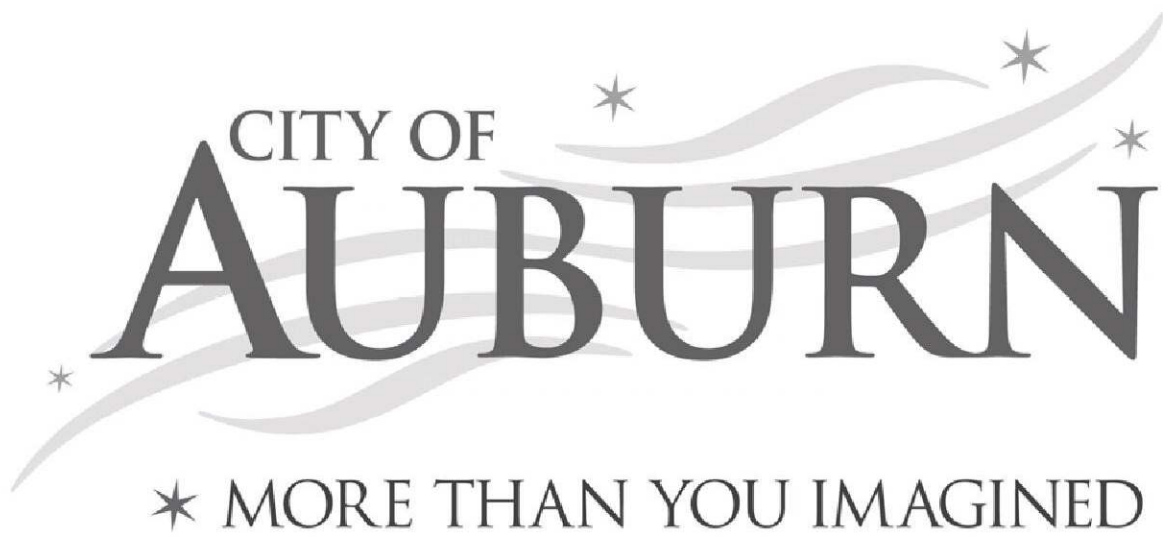
	ORIGINAL BUDGET (GAAP BASIS)	FINAL AMENDED BUDGET (GAAP BASIS)	ACTUAL RESULTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
TAXES:				
PROPERTY	\$ 9,868,500	\$ 9,868,500	\$ 10,601,791	\$ 733,291
RETAIL SALES & USE	20,155,000	17,096,725	14,727,496	(2,369,229)
INTERFUND UTILITY	3,152,700	3,152,700	3,042,567	(110,133)
UTILITY	6,783,600	6,783,600	7,938,021	1,154,421
EXCISE	946,500	817,420	680,373	(137,047)
LICENSES AND PERMITS	1,380,500	1,126,150	1,326,875	200,725
INTERGOVERNMENTAL	3,776,000	6,116,550	7,670,754	1,554,204
CHARGES FOR SERVICES	2,009,300	1,784,220	1,709,191	(75,029)
FINES AND FORFEITURES	2,033,000	2,072,400	1,911,034	(161,366)
INVESTMENT EARNINGS	300,000	300,000	169,445	(130,555)
MISCELLANEOUS	224,200	351,170	495,110	143,940
TOTAL REVENUES	50,629,300	49,469,435	50,272,657	803,222
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	9,222,900	8,567,255	7,864,410	702,845
SECURITY OF PERSONS AND PROPERTY	26,590,500	26,869,295	25,356,285	1,513,010
PHYSICAL ENVIRONMENT	3,808,600	3,368,795	3,192,089	176,706
TRANSPORTATION	3,304,700	3,135,870	2,761,113	374,757
ECONOMIC ENVIRONMENT	2,784,900	2,897,395	2,341,297	556,098
HEALTH AND HUMAN SERVICES	591,900	590,600	527,029	63,571
CULTURE AND RECREATION	7,033,800	6,775,640	6,622,546	153,094
DEBT SERVICE	250,700	250,700	372,497	(121,797)
TOTAL EXPENDITURES	53,588,000	52,455,550	49,037,266	3,418,284
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,958,700)	(2,986,115)	1,235,391	4,221,506
OTHER FINANCING SOURCES (USES):				
SALES OF CAPITAL ASSETS	-	-	100,754	100,754
PROCEEDS FROM LONG TERM DEBT	-	-	35,878	35,878
INSURANCE RECOVERIES	25,000	80,000	114,607	34,607
TRANSFERS IN (Note 5)	1,517,000	3,029,500	1,773,957	(1,255,543)
TRANSFERS OUT (Note 5)	(2,159,000)	(3,867,900)	(3,093,827)	774,073
TOTAL OTHER FINANCING SOURCES AND USES	(617,000)	(758,400)	(1,068,631)	(310,231)
NET CHANGE IN FUND BALANCES	(3,575,700)	(3,744,515)	166,760	3,911,275
FUND BALANCES - BEGINNING	9,419,970	13,071,091	13,071,091	-
FUND BALANCES - ENDING	\$ 5,844,270	\$ 9,326,576	\$ 13,237,851	\$ 3,911,275

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
ARTERIAL STREET FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	ORIGINAL BUDGET (GAAP BASIS)	FINAL AMENDED BUDGET (GAAP BASIS)	ACTUAL RESULTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
TAXES:				
UTILITY	\$ -	\$ -	\$ -	\$ -
BUSINESS	-	-	-	-
INTERGOVERNMENTAL	2,107,300	3,223,100	1,165,708	(2,057,392)
INVESTMENT EARNINGS	20,000	20,000	14,994	(5,006)
MISCELLANEOUS	640,000	140,000	257,620	117,620
TOTAL REVENUES	2,767,300	3,383,100	1,438,322	(1,944,778)
EXPENDITURES:				
CURRENT:				
TRANSPORTATION	6,849,100	7,445,984	4,043,771	3,402,213
DEBT SERVICE				
PRINCIPAL	35,600	35,600	35,578	22
INTEREST AND OTHER COSTS	9,400	9,400	1,456	7,944
CAPITAL OUTLAY	-	-	-	-
TOTAL EXPENDITURES	6,894,100	7,490,984	4,080,805	3,410,179
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(4,126,800)	(4,107,884)	(2,642,483)	1,465,401
OTHER FINANCING SOURCES (USES):				
PROCEEDS OF LONG-TERM DEBT	1,720,000	1,800,000	921,400	(878,600)
TRANSFERS IN (Note 5)	2,072,800	2,273,840	1,524,151	(749,689)
TRANSFERS OUT (Note 5)	-	(296,700)	(114,142)	182,558
TOTAL OTHER FINANCING SOURCES AND USES	3,792,800	3,777,140	2,331,409	(1,445,731)
NET CHANGE IN FUND BALANCES	(334,000)	(330,744)	(311,074)	19,670
FUND BALANCES - BEGINNING	717,062	1,551,737	1,551,737	-
FUND BALANCES - ENDING	\$ 383,062	\$ 1,220,993	\$ 1,240,663	\$ 19,670

The notes to the 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 five major enterprise funds.

The Water Fund

This fund accounts for all maintenance, construction, and debt service requirements associated with the 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.

The Golf Course Fund

Accounts for services, maintenance, and operations associated with the Auburn Municipal Golf Course.

CITY OF AUBURN, WASHINGTON
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
 DECEMBER 31, 2009

	WATER	SANITARY SEWER	STORM DRAINAGE	SOLID WASTE	GOLF COURSE	NON-MAJOR ENTERPRISE FUNDS	TOTAL PROPRIETARY FUNDS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
ASSETS:								
CURRENT ASSETS:								
CASH AND CASH EQUIVALENTS	\$ 7,112,183	\$ 8,901,147	\$ 3,902,561	\$ 1,131,040	\$ 92,801	\$ 2,037,751	\$ 23,177,483	\$ 12,126,037
INVESTMENTS	2,004,773	2,023,437	1,017,813	-	-	-	5,046,023	-
RESTRICTED CASH:								
BONDS PAYMENTS	272,508	-	95,746	-	-	-	368,254	-
CUSTOMER DEPOSITS	35,606	18,471	-	-	-	69,888	123,965	-
OTHER	357,499	737,890	425,608	-	181,968	-	1,702,965	-
CUSTOMER ACCOUNTS	840,101	1,739,422	733,644	1,053,722	26,907	3,909	4,397,705	6,510
OTHER RECEIVABLES	8,103	14,217	4,521	-	-	-	26,841	-
DUE FROM OTHER GOVERNMENTAL UNITS	-	-	1,019,200	87,454	-	-	1,106,654	27,682
INVENTORIES	175,328	8,259	11,831	-	-	11,395	206,813	111,861
TOTAL CURRENT ASSETS	10,806,101	13,442,843	7,210,924	2,272,216	301,676	2,122,943	36,156,703	12,272,090
NONCURRENT ASSETS:								
LONG-TERM CONTRACTS AND NOTES	-	1,050,900	-	-	-	6,542	1,057,442	-
CAPITAL ASSETS:								
LAND	897,971	1,654,958	5,686,254	-	2,229,636	3,996,178	14,464,997	-
BUILDINGS AND EQUIPMENT	2,344,538	1,131,744	297,853	496,618	6,583,467	4,588,623	15,442,843	15,010,649
IMPROVEMENTS OTHER THAN BUILDINGS	82,968,802	65,667,532	38,697,313	-	3,023,053	6,628,275	196,984,975	46,591
CONSTRUCTION IN PROGRESS	3,134,552	4,056,688	4,027,852	-	-	3,030,937	14,250,029	432,238
LESS: ACCUMULATED DEPRECIATION	(34,251,435)	(16,590,677)	(13,974,561)	(297,872)	(2,281,375)	(6,168,205)	(73,564,125)	(8,785,759)
TOTAL CAPITAL ASSETS (NET OF A/D)	55,094,428	55,920,245	34,734,711	198,746	9,554,781	12,075,808	167,578,719	6,703,719
TOTAL NONCURRENT ASSETS	55,094,428	56,971,145	34,734,711	198,746	9,554,781	12,082,350	168,636,161	6,703,719
TOTAL ASSETS	65,900,529	70,413,988	41,945,635	2,470,962	9,856,457	14,205,293	204,792,864	18,975,809
LIABILITIES:								
CURRENT LIABILITIES:								
CURRENT PAYABLES	393,169	1,921,254	931,383	872,316	46,869	63,338	4,228,329	598,196
CUSTOMER DEPOSITS	35,806	18,471	-	-	-	-	54,077	5,725
INTERFUND PAYABLES	-	-	-	-	59,375	-	59,375	-
LOANS PAYABLE-CURRENT	435,568	236,791	-	-	-	-	672,359	-
EMPLOYEE LEAVE BENEFITS-CURRENT	153,208	72,952	143,232	16,730	39,048	17,976	443,146	91,692
REVENUE BONDS PAYABLE-CURRENT	203,500	-	71,500	-	-	-	275,000	-
GENERAL OBLIGATION BONDS PAYABLE-CURRENT	-	-	-	-	190,000	-	85,000	275,000
ACCRUED INTEREST	100,848	14,205	24,246	-	-	-	139,299	-
DEPOSITS	-	-	-	-	-	69,888	69,888	-
TOTAL CURRENT LIABILITIES	1,321,899	2,263,673	1,170,361	889,046	335,292	236,202	6,216,473	695,613
NONCURRENT LIABILITIES:								
DEFERRED REVENUE	42,200	162,203	597,204	-	63,315	6,542	871,464	-
EMPLOYEE LEAVE BENEFITS	50,635	24,110	47,338	5,529	12,905	5,941	146,458	30,306
LOANS PAYABLE	4,452,631	3,572,974	-	-	-	-	8,025,605	-
REVENUE BONDS PAYABLE	1,452,223	-	510,241	-	-	-	1,962,464	-
GENERAL OBLIGATION BONDS PAYABLE	-	-	-	-	3,943,171	1,680,940	5,624,111	-
TOTAL OTHER NONCURRENT LIABILITIES	5,997,689	3,759,287	1,154,783	5,529	4,019,391	1,693,423	16,630,102	30,306
TOTAL LIABILITIES	7,319,588	6,022,960	2,325,144	894,575	4,354,683	1,929,625	22,846,575	725,919
NET ASSETS:								
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	48,550,506	52,110,480	34,152,970	198,746	5,298,921	10,309,869	150,621,492	6,703,719
RESTRICTED FOR:								
DEBT SERVICE	630,007	-	221,354	-	-	-	851,361	-
RATE STABILIZATION	-	-	300,000	-	-	-	300,000	-
CONSTRUCTION	-	737,890	-	-	181,968	-	919,858	-
UNRESTRICTED	9,400,428	11,542,658	4,946,167	1,377,641	20,885	1,865,799	29,253,578	11,546,171
TOTAL NET ASSETS	\$ 58,580,941	\$ 64,391,028	\$ 39,620,491	\$ 1,576,387	\$ 5,501,774	\$ 12,275,668	\$ 181,946,269	\$ 18,249,890

Adjustment to reflect the consolidation of internal service funds related to enterprise funds: 292,691
 Net assets of business-type activities: \$ 182,238,880

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

CITY OF AUBURN, WASHINGTON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2009

	WATER	SANITARY SEWER	STORM DRAINAGE	SOLID WASTE	GOLF COURSE	NON-MAJOR ENTERPRISE FUNDS	TOTAL PROPRIETARY FUNDS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
OPERATING REVENUES:								
CHARGES FOR SERVICES	\$ 8,825,924	\$ 14,902,464	\$ 6,000,761	\$ 9,599,236	\$ 1,571,387	\$ 1,354,251	\$ 42,254,023	\$ 9,807,914
INTEREST	-	-	-	-	-	1,470	1,470	-
OTHER OPERATING REVENUE	-	102	102	-	82,382	-	82,586	293,681
TOTAL OPERATING REVENUES	8,825,924	14,902,566	6,000,863	9,599,236	1,653,769	1,355,721	42,338,079	10,101,595
OPERATING EXPENSES:								
OPERATIONS & MAINTENANCE	3,262,764	12,215,275	2,186,976	8,618,403	1,066,789	527,267	27,877,474	6,581,135
ADMINISTRATION	2,484,844	2,106,258	2,298,330	704,113	235,169	704,972	8,533,686	1,109,613
DEPRECIATION/AMORTIZATION	2,104,554	1,390,660	1,087,555	20,534	334,026	333,279	5,270,608	1,533,228
OTHER OPERATING EXPENSES	1,003,065	1,221,815	535,284	1,676,556	62,132	8,497	4,507,349	-
TOTAL OPERATING EXPENSES	8,855,227	16,934,008	6,108,145	11,019,606	1,698,116	1,574,015	46,189,117	9,223,976
OPERATING INCOME (LOSS)	(29,303)	(2,031,442)	(107,282)	(1,420,370)	(44,347)	(218,294)	(3,851,038)	877,619
NON-OPERATING REVENUE (EXPENSE):								
INTEREST REVENUE	88,079	137,796	60,479	12,488	3,018	10,758	312,618	81,724
OTHER NON-OPERATING REVENUES	93,286	19,820	1,047,703	87,696	15,347	2,485,759	3,749,611	12,683
GAIN ON SALE OF CAPITAL ASSETS	-	-	-	-	4,626	3,095	7,721	(12,790)
INTEREST EXPENSE	(114,306)	(21,255)	(25,120)	-	(211,642)	(92,739)	(465,062)	-
OTHER NON-OPERATING EXPENSES	(882)	(2,874)	(1,141,807)	-	-	-	(1,145,363)	-
TOTAL NON-OPERATING REVENUE (EXPENSE)	66,377	133,487	(58,745)	100,184	(188,651)	2,406,873	2,459,525	81,617
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	37,074	(1,897,955)	(166,027)	(1,320,186)	(232,998)	2,188,579	(1,391,513)	959,236
CAPITAL CONTRIBUTIONS	649,742	592,376	750,141	-	-	-	1,992,259	81,445
TRANSFERS IN (Note 5)	-	89,425	-	-	54,070	40,000	183,495	204,100
TRANSFERS OUT (Note 5)	(166,100)	(50,000)	(138,000)	-	-	-	(354,100)	(88,000)
CHANGE IN NET ASSETS	520,718	(1,266,154)	446,114	(1,320,186)	(178,928)	2,228,579	430,141	1,136,781
TOTAL NET ASSETS BEGINNING OF YEAR	58,060,225	65,657,182	39,174,377	2,896,573	5,680,702	10,047,089	181,516,148	17,113,109
TOTAL NET ASSETS END OF YEAR	\$ 58,580,941	\$ 64,391,028	\$ 39,620,491	\$ 1,576,387	\$ 5,501,774	\$ 12,275,668	\$ 181,946,289	\$ 18,249,890
							430,141	
							388,840	
							<u>\$ 818,981</u>	

The notes to the 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, 2009

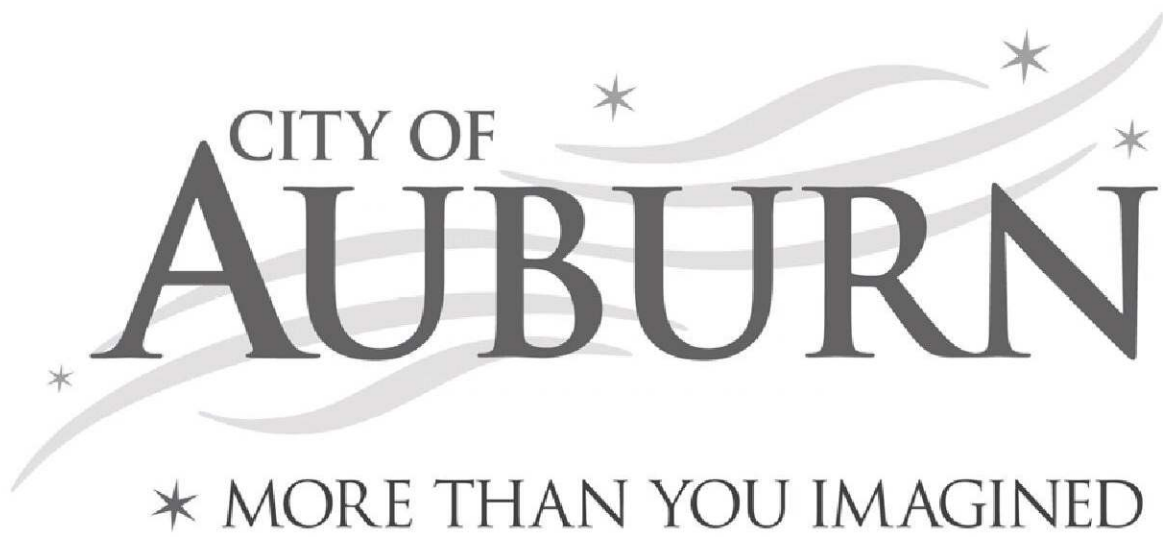
	WATER	SANITARY SEWER	STORM DRAINAGE	SOLID WASTE	GOLF COURSE	NON-MAJOR ENTERPRISE FUND	TOTAL	GOVERNMENT ACTIVITIES INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:								
CASH RECEIVED FROM USERS	\$ 8,756,662	\$ 14,799,204	\$ 4,968,841	\$ 9,719,165	\$ 1,626,861	\$ 1,346,353	\$ 41,217,086	\$ 10,095,670
CASH PAID TO SUPPLIERS	(2,856,212)	(10,802,806)	(1,220,900)	(8,800,692)	(554,256)	(676,510)	(24,911,376)	(4,394,658)
CASH PAID FOR TAXES	(1,003,065)	(1,221,815)	(535,284)	(1,676,556)	(62,132)	(8,497)	(4,507,350)	(5,557)
CASH PAID FOR INVENTORY	67,524	709	(3,068)	-	-	(2,940)	62,225	32,084
CASH PAID TO EMPLOYEES	(2,910,578)	(2,002,983)	(2,465,561)	(538,372)	(753,353)	(546,727)	(9,217,574)	(3,248,355)
OTHER CASH RECEIVED (PAID)	-	-	-	-	6,222	-	6,222	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	2,054,330	772,310	744,028	(1,296,456)	263,342	111,678	2,649,233	2,479,184
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:								
INTERFUND LOAN PAYABLE	-	-	-	-	(37,500)	-	(37,500)	-
OPERATING GRANT RECEIVED	6,338	19,820	-	55,266	-	-	81,424	-
TRANSFERS IN	-	89,425	-	-	54,070	40,000	183,495	204,100
TRANSFERS OUT	(166,100)	(50,000)	(138,000)	-	-	-	(354,100)	(88,000)
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	(159,762)	59,245	(138,000)	55,266	16,570	40,000	(126,682)	116,100
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
PROCEEDS FROM SALE OF EQUIPMENT	8,739	-	-	-	510	3,095	12,345	30,406
PURCHASE OF CAPITAL ASSETS	(2,488,360)	(3,308,868)	(4,457,976)	-	(144,736)	(2,688,758)	(13,088,697)	(2,520,477)
CONTRIBUTED CAPITAL	401,788	134,545	324,301	-	15,347	-	875,981	3,300
CAPITAL GRANTS	-	-	1,047,703	-	-	-	1,047,703	-
PROCEEDS FROM OTHER GOVERNMENTS	-	22,500	-	-	-	2,485,259	2,507,759	4,779
PROCEEDS FROM INSURANCE SETTLEMENT	185	-	-	-	-	-	185	4,605
PREMIUM & BOND ISSUANCE COSTS	10,505	-	13,877	-	4,666	9,774	38,821	-
PRINCIPAL PAYMENT ON DEBT	(1,342,695)	(236,792)	(411,961)	-	(180,000)	(65,000)	(2,236,449)	-
INTEREST PAYMENT ON DEBT	(152,284)	(20,231)	(44,295)	358	(216,404)	(93,233)	(526,089)	-
OTHER CASH RECEIVED (PAID)	-	-	-	-	-	500	500	-
NET CASH PROVIDED (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(3,562,123)	(3,408,846)	(3,528,352)	358	(520,617)	(348,361)	(11,367,941)	(2,477,386)
CASH FLOW FROM INVESTING ACTIVITIES:								
PROCEEDS FROM SALE OF INVESTMENTS	3,112,826	2,003,750	-	-	-	-	5,116,576	-
PURCHASE OF INVESTMENTS	(2,000,000)	(2,000,000)	-	-	-	-	(4,000,000)	-
INTEREST RECEIVED	126,382	137,210	95,167	12,488	3,018	10,758	385,024	88,923
NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES	1,239,209	140,960	95,167	12,488	3,018	10,758	1,501,600	88,923
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS								
CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR	8,206,141	12,093,839	7,251,071	2,359,383	512,455	2,293,564	32,716,453	11,919,217
CASH AND CASH EQUIVALENTS-END OF YEAR	\$ 7,777,796	\$ 9,657,508	\$ 4,423,914	\$ 1,131,040	\$ 274,769	\$ 2,107,639	\$ 25,372,665	\$ 12,126,037
CASH AT END OF YEAR CONSISTS OF:								
CASH AND CASH EQUIVALENTS	\$ 7,112,183	\$ 8,901,147	\$ 3,902,561	\$ 1,131,040	\$ 66,431	\$ 2,037,751	\$ 23,151,112	\$ 12,126,038
RESTRICTED CASH-BOND PAYMENTS	630,007	737,890	521,354	-	26,370	-	1,915,621	-
RESTRICTED CASH-CUSTOMER DEPOSITS	35,606	18,471	-	-	181,968	69,888	305,933	-
TOTAL CASH	\$ 7,777,796	\$ 9,657,508	\$ 4,423,914	\$ 1,131,040	\$ 274,769	\$ 2,107,639	\$ 25,372,665	\$ 12,126,038

The notes to the 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, 2009

	WATER	SANITARY SEWER	STORM DRAINAGE	SOLID WASTE	GOLF COURSE	NON-MAJOR ENTERPRISE FUND	TOTAL	GOVERNMENT ACTIVITIES INTERNAL SERVICE FUNDS
RECONCILIATION OF NET OPERATING INCOME TO NEW CASH PROVIDED BY OPERATING ACTIVITIES								
OPERATING INCOME (LOSS)	\$ (29,302)	\$ (2,031,443)	\$ (107,282)	\$ (1,420,370)	\$ (44,347)	\$ (218,294)	\$ (3,851,038)	\$ 877,619
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:								
DEPRECIATION	2,104,554	1,390,660	1,087,555	20,534	334,026	333,278	5,270,607	1,533,229
ASSET (INCREASES) DECREASES:								
ACCOUNTS RECEIVABLE	(71,124)	(103,362)	(1,032,022)	119,929	(26,908)	0	(1,113,486)	(21,192)
INVENTORY	67,524	709	(3,068)	-	-	(2,940)	62,225	32,084
LIABILITY (INCREASES) DECREASES:								
ACCOUNTS & VOUCHERS PAYABLE	(84,782)	1,491,782	712,447	(24,122)	(4,866)	(418)	2,090,030	(10,440)
DEPOSITS PAYABLE	1,861	0	-	-	-	(9,369)	(7,508)	5,725
WAGES & BENEFITS PAYABLE	281	4,728	48	3,183	3,441	895	12,576	43,473
COMPENSATED ABSENCES PAYABLE	65,329	19,235	86,350	4,391	(4,226)	8,526	179,805	18,687
DEFERRED REVENUE	-	-	-	-	8,222	-	8,222	-
TOTAL ADJUSTMENTS	2,083,632	2,603,753	851,310	123,914	307,689	329,973	6,500,270	1,601,565
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 2,054,330	\$ 772,310	\$ 744,028	\$ (1,296,456)	\$ 263,342	\$ 111,678	\$ 2,649,233	\$ 2,479,184
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES								
CAPITAL ASSETS ACQUIRED BY CONTRIBUTED CAPITAL	\$ 325,978	\$ 457,831	\$ 425,841	\$ -	\$ -	\$ -	\$ 1,209,650	\$ 61,445
INCREASE (DECREASE) IN FAIR VALUE OF INVESTMENT	4,773	23,438	(34,888)	-	-	-	(6,477)	-
TOTAL NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	\$ 330,750	\$ 481,269	\$ 391,153	\$ -	\$ -	\$ -	\$ 1,203,173	\$ 61,445

The notes to the 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 ASSETS
FIDUCIARY FUNDS
 DECEMBER 31, 2009

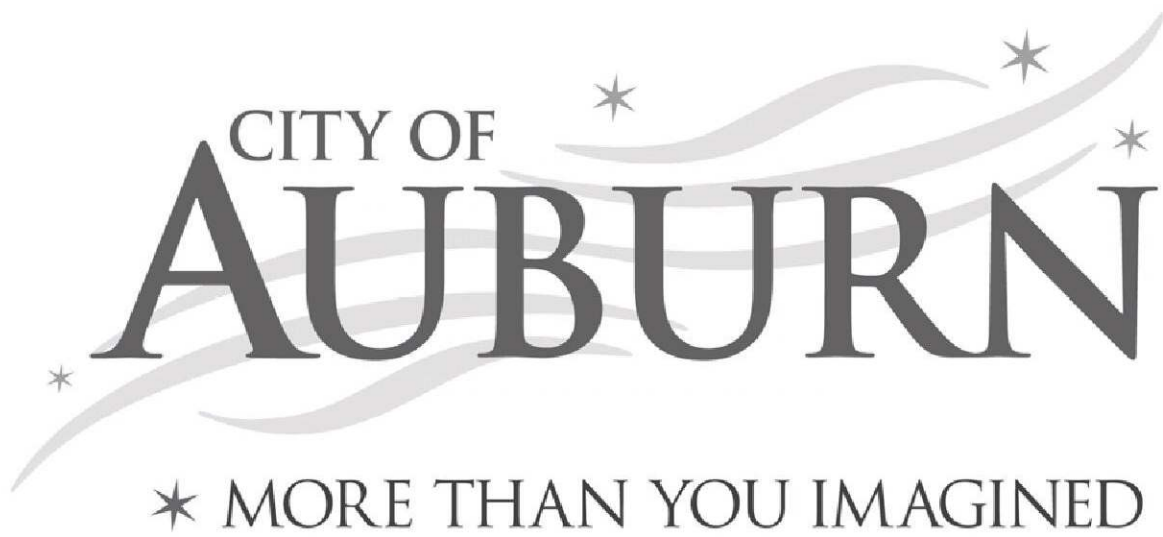
	FIRE RELIEF PENSION TRUST FUND	AGENCY FUND
ASSETS:		
CASH AND CASH EQUIVALENTS	\$ 1,752,435	\$ 1,679,840
INVESTMENTS	1,080,715	-
RECEIVABLES:		
CUSTOMER ACCOUNTS	-	2,621
INTEREST	735	-
DUE FROM OTHER GOVERNMENTAL UNITS	-	-
TOTAL ASSETS	\$ 2,833,885	\$ 1,682,461
LIABILITIES:		
CURRENT PAYABLES	\$ 5,243	\$ 1,682,461
TOTAL LIABILITIES	5,243	1,682,461
NET ASSETS:		
HELD IN TRUST FOR PENSION BENEFITS AND OTHER PURPOSES	\$ 2,828,642	\$ -

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

CITY OF AUBURN, WASHINGTON
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2009

	FIRE RELIEF PENSION TRUST FUND
ADDITIONS:	
FIRE INSURANCE PREMIUMS-TRANSFERRED FROM GENERAL FUND	\$ 58,000
INVESTMENT EARNINGS	11,455
TOTAL ADDITIONS	69,455
DEDUCTIONS:	
BENEFIT PAYMENTS	160,811
PROFESSIONAL SERVICES	7,350
ADMINISTRATIVE EXPENSES	13,418
TOTAL DEDUCTIONS	181,579
CHANGE IN NET ASSETS	(112,124)
NET ASSETS - BEGINNING	2,940,766
NET ASSETS - ENDING	\$ 2,828,642

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



City of Auburn

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 56

 A. REPORTING ENTITY 56

 B. BASIC FINANCIAL STATEMENTS 56

 C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND
 BASIS OF PRESENTATION 57

 D. BUDGET AND BUDGETARY ACCOUNTING 60

 E. ASSETS, LIABILITIES, AND FUND EQUITY 61

 1. DEPOSITS AND INVESTMENTS 61

 2. RECEIVABLES 62

 3. INTERFUND RECEIVABLES AND PAYABLES 62

 4. AMOUNTS DUE FROM OTHER GOVERNMENTAL UNITS 62

 5. INVENTORIES 62

 6. RESTRICTED ASSETS 62

 7. INTERFUND TRANSACTIONS 63

 8. CAPITAL ASSETS 63

 9. DEFERRED CREDITS/CHARGES 63

 10. COMPENSATED ABSENCES 64

 11. DEFERRED REVENUES 64

 12. RESERVATIONS AND DESIGNATIONS OF FUND EQUITY 64

 F. REVENUES, EXPENDITURES AND EXPENSES 64

 G. ESTIMATES 65

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY 65

NOTE 3 – DEPOSITS AND INVESTMENTS 66

NOTE 4 – PROPERTY TAXES 68

NOTE 5 – INTERFUND ACTIVITY 69

NOTE 6 – DUE FROM OTHER GOVERNMENTAL UNITS 71

NOTE 7 – CAPITAL ASSETS AND DEPRECIATION 73

NOTE 8 – CAPITAL LEASE OBLIGATION 74

NOTE 9 – LONG-TERM DEBT 75

NOTE 10 – PENSION PLANS 78

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS 87

NOTE 12 – ASSOCIATION OF WASHINGTON CITIES EMPLOYEE BENEFIT TRUST 89

NOTE 13 – CONSTRUCTION COMMITMENTS 89

NOTE 14 – CEMETERY ENDOWED CARE FUND 90

NOTE 15 – JOINT VENTURES / RELATED PARTY 90

NOTE 16 – JOINTLY GOVERNED ORGANIZATION / RELATED PARTY 93

NOTE 17 – CONTINGENCIES AND LITIGATION 94

NOTE 18 – RISK MANAGEMENT & INSURANCE 94

NOTE 19 – SUBSEQUENT EVENT 95

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 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 Statement No. 34, the Valley Communications Center and South Correctional Entity Facility (SCORE) are included in the accompanying government-wide statement of net assets as joint ventures. (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.

The government-wide financial statements consist of the government-wide statement of net assets 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 assets and the statement of activities, summarize the entire operation of the City. The governmental fund financial statements, which include balance sheets, statements of revenues, expenditures and changes in fund balances, and budget and actual statements, provide a more detailed level of reporting. The proprietary fund financial statements, which include statement of net assets, statement of revenues, expenses, and changes of net assets and statements 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 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. 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. The City does not allocate indirect expenses to functions in the statement of activities.

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 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. Interfund services provided and used are not eliminated in the process of consolidation. 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 “deferred 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, grant revenue is recognized when the expenditure is incurred.

Under the modified accrual basis, expenditures are recorded when the fund liability is incurred, except for the un-matured 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 assets. Long-term liabilities, including compensated absences not currently due and payable, are also reported on the government-wide statement of net assets.

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 generally are included on their balance sheets. Their reported fund balance (net current assets) 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 one-half cent gas tax 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 LID guarantee fund which provides financial security for outstanding LID bonds.
- 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.

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 Assets. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when incurred. The proprietary fund 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.

Pursuant to Statement No. 20 of the Governmental Accounting Standards Board (GASB), *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the City has chosen to apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: FASB Statements and Interpretations, APB Opinion, and ARBs.

- 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. Five 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. The golf course fund is used to account for business operations at the City's municipal golf course.
- 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, 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 Agency Fund. Each fiduciary fund is classified for accounting measurement purposes as either a governmental fund or a proprietary fund.

The Fire Relief and Pension Trust 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 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.

The Agency Fund is custodial in nature (assets equal liabilities) 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:

1. 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 1st. The operating budget includes proposed expenditures and funding sources.
2. Public hearings are conducted at the Auburn City Council Meetings to obtain taxpayer comments.
3. Prior to December 31st, the budget is legally enacted through passage of an ordinance.

4. The final operating budget as adopted is published and distributed after adoption. Copies of the budget are made available to the public.

The following represents the original budgeted amounts and all supplemental appropriations.

ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS			
	Original Budget	Revisions	Final Budget
Governmental funds			
General fund	\$ 55,747,000	\$ 576,450	\$ 56,323,450
Total governmental funds	55,747,000	576,450	56,323,450
Special revenue funds:			
Local street	2,200,000	220,150	2,420,150
Arterial street	6,894,100	893,584	7,787,684
Hotel/motel tax	153,000	32,000	185,000
Arterial street preservation	1,500,000	319,000	1,819,000
Drug forfeiture fund	355,700	38,860	394,560
Local law enforcement block grant	14,400	-	14,400
Housing and community development	600,900	(880)	600,020
Recreation trails	7,800	-	7,800
Business improvement area	53,000	-	53,000
Cumulative reserve	488,000	3,612,000	4,100,000
Mitigation fees	1,673,200	327,020	2,000,220
Total special revenue funds	13,940,100	5,441,734	19,381,834
Total budgeted funds	\$ 69,687,100	\$ 6,018,184	\$ 75,705,284

E. ASSETS, LIABILITIES, AND FUND EQUITY

1. DEPOSITS AND INVESTMENTS

It is the City’s policy to invest all temporary cash surplus. At December 31, 2009, the Washington State Local Government Investment Pool (LGIP) was holding \$75,933,234 in short-term investments. This amount is classified on the balance sheet 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 deferred, 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

Inventories in the enterprise and internal service funds are valued at cost using the weighted average costing method. Governmental fund types recognize the cost of inventory items as expenditures when purchased. In governmental funds, materials and supplies remaining at year-end are immaterial and not included in inventory.

6. RESTRICTED ASSETS

There are three types of restricted assets: customer deposits, proceeds of revenue bonds issued by City utilities that are restricted by applicable bond ordinances to pay bond and construction costs, and funds contributed by the Muckleshoot Indian Tribe that have been restricted for use in certain construction projects.

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 and expenditures. Internal service fund billings are recorded as revenues in the equipment rental fund and as expenditures in the paying fund. Transfers between funds are included as “other financing sources or uses”.

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 assets. 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.

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 improvements financed by special assessments that provide capital assets to a government’s proprietary funds are capitalized on the fund’s balance sheet and are offset by equity.

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. DEFERRED CREDITS/CHARGES

Deferred charges and credits include the premium, discount and issuance costs of revenue bonds that are amortized over the life of the bond issue. Deferred credits and charges also include undistributed court receipts.

10. 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 assets 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.

11. DEFERRED 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.

12. RESERVATIONS AND DESIGNATIONS OF FUND EQUITY

In governmental funds, reserves are used to indicate a portion of fund balance that is not appropriable for expenditure or is legally segregated, and designations are used to indicate tentative managerial plans for financial resource utilization in a future period. In proprietary funds, net assets are generally restricted in connection with restricted assets or for legal segregation. These restrictions are identified on the statement of net assets of each fund type.

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 or loss 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, 2009, the carrying amount of the City's cash demand deposits with Key Bank totaled \$2,843,373 while the bank balance was \$3,418,166. In addition, there was \$10,000 in the Drug Forfeiture Fund to be used for enforcement purposes, and \$6,900 in various petty cash and cashier change funds.

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 balance sheet at fair value. Investments that were not at par value (cost) as of December 31, 2009 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 2009, the net decrease in the fair value of investments being held for more than one year is \$45,534 at year-end.

As of December 31, 2009, the City had the following investments and maturities:

SCHEDULE OF INVESTMENTS BY MATURITIES
AS OF DECEMBER 31, 2009

Investment Type	Fair Value	Investment maturities			
		Less than 1 year	1 to 2 years	2 to 3 years	Greater than 3 years
State investment pool	\$ 75,933,234	\$ 75,933,234	\$ -	\$ -	\$ -
US Treasuries	86,652	-	-	-	86,652
US Agencies	10,031,648	1,017,813	2,023,438	6,990,398	-
	<u>\$ 86,051,534</u>	<u>\$ 76,951,047</u>	<u>\$ 2,023,438</u>	<u>\$ 6,990,398</u>	<u>\$ 86,652</u>

Reconciliation to government-wide statement of net assets:

Total investments above	\$ 86,051,534
Plus: cash in checking and petty cash	2,918,301
Less: cash investments in fiduciary funds	(4,512,990)
Total cash and investments, government-wide statement of net assets	\$ 84,456,845

Reconciliation of Cash and Investments
Government-Wide Statement of Net Assets
As of December 31, 2009

	Governmental Activities	Business-Type Activities	Total
Cash and Cash Equivalents	\$ 37,853,416	\$ 23,177,483	\$ 61,030,899
Cash with Outside Agencies	-	-	-
Investments	3,991,562	5,046,023	9,037,585
Temporarily Restricted:			
Cash and Cash Equivalents	10,993,821	2,195,184	13,189,005
Permanently Restricted:			
Cash and Cash Equivalents	1,199,356	-	1,199,356
	<u>\$ 54,038,155</u>	<u>\$ 30,418,690</u>	<u>\$ 84,456,845</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, 2009, the City had investments in a limited number of investment instruments as follows:

- Federal Home Loan Bank bonds
- Federal Home Loan Mortgage Corporation bonds
- U.S. Treasuries

- State Local Government Investment Pool

With the exception of the State Local Government Investment Pool, which is not rated, all of the investments above carried a rating of AAA by Standard & Poor’s rating service at December 31, 2009.

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.

Below is a schedule of investments by fund type:

SCHEDULE OF INVESTMENTS BY FUND CATEGORY AND INVESTMENT TYPE
AS OF DECEMBER 31, 2009

	State Investment Pool	U.S. Securities	Total
General Fund	\$ -	\$ 2,990,938	\$ 2,990,938
Capital Project Funds	-	1,000,625	1,000,625
Enterprise Funds	-	5,046,023	5,046,023
Fiduciary Funds	-	1,080,715	1,080,715
Treasurer’s Residual Funds	75,933,234	-	75,933,234
Total	\$ 75,933,234	\$ 10,118,300	\$ 86,051,534

NOTE 4 – PROPERTY TAXES

Property taxes received during tax year 2009 were \$12,801,791, including collection of prior year delinquent assessments. Property taxes assessed for collection in tax year 2009 were based on a regular tax levy of \$1.48 per \$1,000 on a total 2008 assessed value of \$8,713,852,906.

For levy year 2009, to be received in 2010, the City’s regular tax levy is \$1.82 per \$1,000 on a 2009 assessed valuation of \$7,702,255,337, as of December 31, 2009, for a total regular levy of \$14,094,060. 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, 2009, 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	\$ 115,533,830	\$ 77,022,553	\$ 192,556,383	\$ 192,556,383	\$ 577,669,150
Outstanding indebtedness	(66,411,202)	-	-	-	(66,411,202)
Assets available	3,777,515	-	-	-	3,777,515
Margin available	\$ 52,900,143	\$ 77,022,553	\$ 192,556,383	\$ 192,556,383	\$ 515,035,463

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 offset by deferred revenue. In the statement of net assets, this deferred revenue is referred to as "Unearned Revenue". 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 a deferred 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

The next two tables summarize interfund activity during 2009. The first table details transfers while the second lists loan activity. Transfers are legally authorized transfers of resources from a fund receiving revenue to the fund through which resources are to be expended.

Funds	Transfers	
	Transfer Out	Transfer In
Governmental funds:		
General fund	\$ 3,093,827	\$ 1,773,957
Special revenue funds:		
City street fund		
Local street fund	-	150,000
Arterial street fund	114,142	1,524,151
Arterial Street Preservation	-	114,142
Recreational trails	-	7,000
Cumulative reserve	1,300,785	756,957
Mitigation fees	1,138,601	-
Total special revenue funds	<u>2,553,528</u>	<u>2,552,250</u>
Debt service funds:		
1998 library GO	-	302,500
LID guarantee	10,000	-
Total debt service funds	<u>10,000</u>	<u>302,500</u>
Capital projects funds:		
Park construction	-	1,170,441
Capital improvement projects	1,300,446	1,195,158
Total capital projects funds	<u>1,300,446</u>	<u>2,365,599</u>
Proprietary funds:		
Water	166,100	-
Sewer	50,000	89,425
Storm drainage	138,000	-
Cemetery	-	40,000
Golf course	-	54,070
Total proprietary funds	<u>354,100</u>	<u>183,495</u>
Internal service funds:		
Information services	81,000	-
Equipment rental	7,000	204,100
Total internal service funds	<u>88,000</u>	<u>204,100</u>
Fiduciary funds:		
Fire pension & relief fund	-	58,000
Permanent funds:		
Cemetery endowed care	40,000	-
Total	\$ 7,439,901	\$ 7,439,901

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		1/1/2009	New Loans	Repayments		12/31/2009		
Golf course fund	Capital projects fund	\$	96,875	\$	-	\$	37,500	\$	59,375
Total interfund loans		\$	96,875	\$	-	\$	37,500	\$	59,375

All interfund loans are considered short-term cash loans.

NOTE 6 – DUE FROM OTHER GOVERNMENTAL UNITS

As of December 31, 2009, the City had receivables due from other governmental units as follows:

Due from Other Governmental Units	
General Fund:	
City of Seattle - CBRNE Training	1,414
King County - 4Culture - Arts Sustained Support Grant	17,000
King County - Medic One	200
King County - Olympic Leadership Grant	4,167
King County - Real Estate Excise Taxes	46,168
King County Office of Emergency Management - SHSP Equip Grant	22,259
King County Sheriff's - Registered Sex Offender Grant	6,042
Pierce County - Real Estate Excise Taxes	49,772
WA Assn of Sheriff's and Police Chiefs - CTED Gang Emphasis Grant	37,104
WA Auto Theft Prevention Authority - Auto Theft Prevention Grant	38,653
WA State Administrative Office of the Courts	15,208
WA State Military Department - EMPG Grant	14,660
WA State Traffic Safety - Seat Belt / DUI Enforcement	2,948
WA State Treasurer - Sales Taxes	962,169
Total General Fund	1,217,764
Arterial Street Fund:	
King County Department of Natural Resources & Parks	1,413
WA State Transportation Improvement Board - Arterial Street Improvements	24,979
WA Dept. of Transportation - Arterial Street Improvements	400,130
Total Arterial Street Fund	426,522
Drug Forfeiture Fund:	
Tacoma Narcotics Enforcement Team (TNET) Grant	28,940
Housing & Community Development Fund:	
U.S. Dept. of Housing - Community Development Block Grant (CDBG)	98,495
Municipal Park Construction Fund:	
WA Recreation and Conservation Office - Park Improvement Grants	1,353
Department of Ecology - Coastal Protection Grant	15,699
King County Water and Land Resources - Open Space	4,327
Total Municipal Park Construction Fund	21,379
Storm Fund:	
King County - Flood Protection Services	1,019,200
Solid Waste Fund:	
Department of Ecology - CPG Grant	33,062
King County - Local Hazardous Waste Management Grant	19,955
King County - Waste Reduction and Recycling Grant	34,437
Total Solid Waste Fund	87,454
Facilities Fund:	
GSA Utilities	2,392
Information Services Fund:	
VRFA - GIS Support Services	18,141
Equipment Rental Fund:	
VRFA - Fuel Sales	7,149
Total	\$ 2,927,436
Reconciliation to government-wide statement of net assets:	
Total above due from other governmental units	\$ 2,927,436
Amount due to fiduciary fund	-
Total due from other governmental units, government-wide statement of net assets	\$ 2,927,436

NOTE 7 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended December 31, 2009 is as follows:

Schedule of Capital Asset Activity				
	Balance 1/1/09	Increases	Decreases/ Adjustments	Balance 12/31/09
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 105,137,746	\$ 1,227,532	\$ (76,000)	\$ 106,289,278
Construction in progress	5,494,727	17,507,549	(6,520,440)	16,481,836
Total capital assets, not being depreciated	<u>110,632,473</u>	<u>18,735,081</u>	<u>(6,596,440)</u>	<u>122,771,114</u>
Capital assets, being depreciated:				
Buildings	23,629,321	-	(153,000)	23,476,321
Improvements other than buildings	13,583,553	384,866	-	13,968,419
Machinery and equipment	16,739,921	2,371,967	(695,484)	18,416,404
Intangibles	713,231	24,684,825	-	25,398,056
Infrastructure	234,679,050	9,551,212	(571,256)	243,659,006
Total capital assets being depreciated	<u>289,345,076</u>	<u>36,992,870</u>	<u>(1,419,740)</u>	<u>324,918,206</u>
Less: accumulated depreciation for:				
Buildings	(8,059,346)	(640,036)	2,003	(8,697,379)
Improvements other than buildings	(8,625,917)	(434,876)	-	(9,060,793)
Machinery and equipment	(10,126,002)	(1,782,641)	652,288	(11,256,355)
Intangibles	(96,598)	(95,022)	-	(191,620)
Infrastructure	(66,284,798)	(8,723,986)	-	(75,008,784)
Total accumulated depreciation	<u>(93,192,661)</u>	<u>(11,676,561)</u>	<u>654,291</u>	<u>(104,214,931)</u>
Total capital assets, being depreciated, net	<u>196,152,415</u>	<u>25,316,309</u>	<u>(765,449)</u>	<u>220,703,275</u>
Governmental activities capital assets, net	<u>\$ 306,784,888</u>	<u>\$ 44,051,390</u>	<u>\$ (7,361,889)</u>	<u>\$ 343,474,389</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 14,464,997	\$ -	\$ -	\$ 14,464,997
Construction in progress	2,934,771	12,559,659	(1,244,401)	14,250,029
Total capital assets, not being depreciated	<u>17,399,768</u>	<u>12,559,659</u>	<u>(1,244,401)</u>	<u>28,715,026</u>
Capital assets, being depreciated:				
Buildings	12,944,082	-	(640,844)	12,303,238
Improvements other than buildings	195,405,439	1,579,536	-	196,984,975
Machinery and equipment	3,037,817	278,473	(176,685)	3,139,605
Total capital assets being depreciated	<u>211,387,338</u>	<u>1,858,009</u>	<u>(817,529)</u>	<u>212,427,818</u>
Less: accumulated depreciation for:				
Buildings	(4,489,105)	(325,616)	640,844	(4,173,877)
Improvements other than buildings	(61,987,558)	(4,808,427)	-	(66,795,985)
Machinery and equipment	(2,618,225)	(136,556)	160,518	(2,594,263)
Total accumulated depreciation	<u>(69,094,888)</u>	<u>(5,270,599)</u>	<u>801,362</u>	<u>(73,564,125)</u>
Total capital assets, being depreciated, net	<u>142,292,450</u>	<u>(3,412,590)</u>	<u>(16,167)</u>	<u>138,863,693</u>
Business-type activities capital assets, net	<u>\$ 159,692,218</u>	<u>\$ 9,147,069</u>	<u>\$ (1,260,568)</u>	<u>\$ 167,578,719</u>

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

Government activities:	
General government	\$ 311,972
Public safety	420,714
Transportation	8,564,492
Physical environment	35,867
Culture and recreation	810,290
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	1,533,228
Total depreciation/amortization expense - governmental activities	\$ 11,676,563
Business-type activities:	
Water	\$ 2,104,554
Sanitary sewer	1,390,660
Storm water	1,087,555
Solid waste	20,534
Golf course	334,026
Airport	224,393
Cemetery	66,648
Commercial retail	42,238
Total depreciation expense - business-type activities	\$ 5,270,608

NOTE 8 – CAPITAL LEASE OBLIGATION

The City has the following capital leases:

One 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 December 7, 2009 the City entered into a capital lease agreement for space in the Auburn Professional Plaza Building (Annex). The non-cancelable term of the lease is 30 years, however, the intent of the City is to exercise its lease purchase option in 2010.

SCHEDULE OF FUTURE MINIMUM LEASE PAYMENTS

	Lease Payable Theater	Lease Payable Annex
2010	\$ 70,111	\$ 1,649,735
2011	70,111	1,649,735
2012	70,112	1,649,735
2013	70,112	1,649,735
2014	70,112	1,670,357
2015-2019	350,557	9,509,691
2020-2024	140,330	10,936,145
2025-2029		12,545,204
2030-2034		12,545,204
2035-2039		12,076,661
Total minimum lease payments	841,445	65,882,202
Less: Amounts representing interest	(209,735)	(41,333,020)
Present value of future minimum lease payments	\$ 631,710	\$ 24,549,182

As of December 31, 2009, the gross value of the Auburn Theater facility acquired under the capital lease is \$695,504. Monthly lease payments of \$5,843 plus annual inflation adjustments based on the U.S. CPI-W index are payable through the end of the lease period on December 1, 2021. Interest on the lease was imputed at five percent.

As of December 31, 2009, the gross value of the space in the Auburn Professional Plaza Building acquired under the capital lease is \$24,549,186. Monthly lease payments of \$137,478 plus inflation adjustments every 60 months are payable through the end of the non-cancelable lease period or until the lease purchase option is exercised. The lease negatively accrues in the first five years because the lease is structured so that the lease payments are less in the early years than in the final years. Interest on the lease was imputed at seven and three tenth percent.

NOTE 9 – LONG-TERM DEBT

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:

- 1998 Limited Tax General Obligation bonds were issued for construction of a library to be owned and operated by the King County Rural Library District. These 20-year bonds mature in 2018 and are paid from the Debt Service fund.
- 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.
- 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.

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

Special Assessment Bonds are not a direct responsibility of the City, but are funded from the collection of special assessment payments. Debt service principal and interest costs are paid from the individual LID funds. The City is obligated for special assessment debt to the extent that it is required to establish an LID Guarantee fund for the purpose of guaranteeing the payment of local improvement bonds in the event there are insufficient funds in the individual LID fund.

State of Washington Public Works Trust Fund Loans are a direct responsibility of the City. Auburn currently has seven outstanding loans with a remaining total balance of \$10,014,943. Six of the loans are being repaid from water and sewer fund revenues over a 20-year period that begins upon each project completion. The other loan is being repaid from arterial street fund revenues over a 4-year period that began in 2007 upon project completion.

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, 2009. 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 DEBT SUMMARY

	General Obligation (1)	Utility	Special Assessment	Employee Leave Benefit	Deferred Charges	Due To Other Governments	Total
Long-term debt payable 12/31/08	\$ 9,271,799	\$ 13,296,481	\$ 36,827	\$ 1,914,598	\$ (13,926)	\$ 1,428,000	\$ 25,933,779
Added	25,506,460	-	-	-	-	26,732,850	52,239,310
Retired	(488,259)	(2,002,938)	-	734,971	9,578	(175,000)	(1,921,648)
Long-term debt payable 12/31/09	\$ 34,290,000	\$ 11,293,543	\$ 36,827	\$ 2,649,569	\$ (4,348)	\$ 27,985,850	\$ 76,251,441

(1) Includes capital leases

DEBT SERVICE REQUIREMENT TO MATURITY

YEAR	General Obligation Bonds		Capital Lease Obligation		Utility Bonds/Loans		Special Assessments		Employee Leave Benefits		Total Long-Term Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Principal (1)	Interest	
2010	669,000	1,492,056	(98,723)	1,819,126	1,070,654	155,066	-	2,558	1,991,409	3,632,340	3,468,805	
2011	718,000	2,006,817	(107,015)	1,827,435	1,028,676	139,957	-	2,558	65,816	1,705,476	3,976,767	
2012	752,000	1,972,995	(116,041)	1,836,418	1,049,676	123,622	36,827	2,558	65,816	1,782,277	3,935,592	
2013	1,388,650	1,928,661	(125,796)	1,846,128	1,048,676	106,686	-	-	65,816	2,377,346	3,881,474	
2014	1,435,500	1,871,347	(115,714)	1,856,620	1,063,676	89,550	-	-	65,816	2,449,278	3,817,517	
2015	1,489,900	1,807,985	109,690	1,858,005	1,078,676	69,377	-	-	65,816	2,744,082	3,735,367	
2016	1,325,150	1,738,025	116,716	1,850,927	1,093,676	48,678	-	-	65,816	2,601,357	3,637,630	
2017	1,389,950	1,678,005	124,207	1,843,381	738,676	27,455	-	-	65,816	2,318,648	3,548,841	
2018	1,449,400	1,613,618	132,195	1,835,334	738,676	22,719	-	-	65,816	2,386,087	3,471,672	
2019	1,211,100	1,544,816	164,430	1,826,753	738,676	17,984	-	-	65,816	2,180,022	3,389,553	
2020	1,059,350	1,486,155	445,828	1,806,156	556,307	13,248	-	-	65,816	2,127,301	3,305,558	
2021	1,094,150	1,434,167	477,855	1,774,168	556,307	10,336	-	-	-	2,126,312	3,218,671	
2022	1,147,900	1,378,907	440,250	1,741,524	329,222	7,424	-	-	-	1,917,372	3,127,855	
2023	1,192,350	1,318,371	473,305	1,708,470	303,107	5,647	-	-	-	1,968,762	3,032,488	
2024	1,241,800	1,253,922	536,113	1,672,934	303,107	4,131	-	-	-	2,081,020	2,930,987	
2025	1,289,350	1,183,587	887,474	1,621,567	195,263	2,616	-	-	-	2,372,087	2,807,770	
2026	931,550	1,107,237	954,106	1,554,935	195,263	1,639	-	-	-	2,080,919	2,663,811	
2027	970,300	1,046,226	1,025,741	1,483,299	66,316	663	-	-	-	2,062,357	2,530,188	
2028	1,010,600	982,678	1,102,755	1,406,286	66,316	332	-	-	-	2,179,671	2,389,296	
2029	1,052,450	916,496	1,185,551	1,323,490	-	-	-	-	-	2,238,001	2,239,986	
2030	1,095,850	846,482	1,274,563	1,234,477	-	-	-	-	-	2,370,413	2,080,960	
2031	1,143,900	772,392	1,370,259	1,138,782	-	-	-	-	-	2,514,159	1,911,174	
2032	1,191,950	695,122	1,473,139	1,035,902	-	-	-	-	-	2,665,089	1,731,023	
2033	1,243,100	614,570	1,583,744	925,297	-	-	-	-	-	2,826,844	1,539,867	
2034	1,297,350	530,532	1,702,653	806,388	-	-	-	-	-	3,000,003	1,336,920	
2035	1,353,150	442,654	1,830,490	678,551	-	-	-	-	-	3,183,640	1,121,405	
2036	1,410,500	351,432	1,967,925	541,116	-	-	-	-	-	3,378,425	892,548	
2037	1,470,950	256,114	2,115,678	393,362	-	-	-	-	-	3,586,628	649,476	
2038	1,534,500	156,693	2,274,525	234,515	-	-	-	-	-	3,809,025	391,209	
2039	1,601,150	52,966	1,974,989	65,510	-	-	-	-	-	3,576,139	118,476	
TOTALS	\$ 36,160,850	\$ 34,481,226	\$ 25,180,892	\$ 41,546,856	\$ 12,214,943	\$ 847,129	\$ 36,827	\$ 7,673	\$ 2,649,569	\$ 76,243,081	\$ 76,882,885	

(1)	\$ 76,243,081	Principal debt service requirements to maturity
	(4,348)	Deferred charges
	12,708	Present value adjustment of Auburn Theater Capital Lease on 1/1/2010
	\$ 76,251,441	Long Term Debt payable 12/31/2009

CHANGES IN LONG-TERM DEBT

Issue Name	Interest Rates	Maturity Date	Original Amount	Principal Installments	Balance 12/31/08	Additions	Reductions	Balance 12/31/09	Due Within One Year
Governmental debt:									
General obligation bonds:									
Limited G.O. Library	3.75-5.00%	12/1/2018	\$ 4,000,000	\$110,000 - \$290,000	\$ 2,440,000	\$ -	\$ (205,000)	\$ 2,235,000	\$ 210,000
Total general obligation bonds			4,000,000		2,440,000	-	(205,000)	2,235,000	210,000
Capital lease:									
Auburn Avenue Theater Annex	5.00%	12/31/2021	695,504	\$5,500 - \$5,960	646,799	35,878	(38,259)	644,418	36,247
	7.30%	12/1/2039	24,549,182	\$137,478 - \$209,087	-	24,549,182	-	24,549,182	1,649,735
Total capital leases (1)			25,244,686		646,799	24,585,060	(38,259)	25,193,600	1,685,982
Employee leave benefit:									
Compensated absences			-		1,504,598	-	555,365	2,059,963	1,991,409
Public Works Trust Fund loans:									
PWTF 2006(a)	0.50%	7/1/2010	189,750	\$35,578	71,157	21,400	(35,578)	56,979	56,978
PWTF 2008	0.50%	7/1/2028	1,800,000	\$66,316	360,000	900,000	-	1,260,000	66,316
Total Public Works Trust Fund loans			1,989,750		431,157	921,400	(35,578)	1,316,979	123,294
Special assessment bonds:									
L.I.D. # 347	6.85%	5/1/2012	587,827	Varies	36,827	-	-	36,827	-
Deferred charges related to debt					(1,024)	-	102	(922)	-
Total governmental			\$ 31,822,263		\$ 5,058,357	\$ 25,506,460	\$ 276,630	\$ 30,841,447	\$ 4,010,685
Business-type debt:									
General obligation bonds:									
GO bond 1999	5.00-5.10%	11/1/2009	\$ 1,655,000	\$45,000 - \$65,000	\$ 65,000	\$ -	\$ (65,000)	\$ -	\$ -
GO refunding bond 2005	4.00-5.00%	12/1/2019	1,375,000	\$10,000 - \$190,000	1,345,000	-	-	1,345,000	85,000
GO bond 2006	4.25-5.00%	12/1/2025	3,275,000	\$5,000 - \$395,000	3,275,000	-	-	3,275,000	-
GO bond 2006 taxable	5.40-5.52%	12/1/2015	1,885,000	\$45,000 - \$245,000	1,500,000	-	(180,000)	1,320,000	190,000
Total GO bonds			8,190,000		6,185,000	-	(245,000)	5,940,000	275,000
Revenue bonds:									
Utility sys. revenue 1999 (2)	5.00-5.10%	11/1/2009	8,345,000	\$670,000 - \$1,030,000	1,030,000	-	(1,030,000)	-	-
Utility sys. refunding bonds 2005 (2)	3.00-4.75%	11/1/2016	2,765,000	\$45,000 - \$355,000	2,465,000	-	(265,000)	2,200,000	275,000
Total revenue bonds			11,110,000		3,495,000	-	(1,295,000)	2,200,000	275,000
Employee leave benefit:									
Compensated absences			-		410,000	-	179,606	589,606	443,146
Public Works Trust Fund loans:									
PWTF 1999	1.00%	7/1/2019	3,465,000	\$182,368	2,006,053	-	(182,368)	1,823,685	182,368
PWTF 2001	0.50%	7/1/2021	4,290,405	\$227,086	2,952,112	-	(227,086)	2,725,026	227,086
PWTF 2002	1.00%	7/1/2022	641,250	\$26,114	365,602	-	(26,115)	339,487	26,114
PWTF 2004	0.50%	7/1/2024	2,049,036	\$107,844	1,725,504	-	(107,844)	1,617,660	107,844
PWTF 2006(b)	0.50%	7/1/2026	2,450,000	\$128,947	2,321,053	-	(128,947)	2,192,106	128,947
Total Public Works Trust Fund loans			12,895,691		9,370,324	-	(672,360)	8,697,964	672,359
Deferred charges related to debt					(12,902)	-	9,475	(3,427)	-
Total proprietary			\$ 32,195,691		\$ 19,447,422	\$ -	\$ (2,023,278)	\$ 17,424,144	\$ 1,665,505
Total all funds			\$ 64,017,954		\$ 24,505,779	\$ 25,506,460	\$ (1,746,648)	\$ 48,265,591	\$ 5,676,190

(1) The \$12,708 difference between the debt service requirement to maturity and the 12/31/2009 balance is due to present value adjustment of Theater lease on 1/1/2010.

(2) Subject to federal arbitrage rules.

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.
- SCORE Public Development Authority issued General Obligation bonds in 2009 to acquire, construct, improve, and equip a consolidated correctional facility to be 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 to be paid from the General fund.

CHANGES IN LONG-TERM DEBT DUE OTHER GOVERNMENTS

Issue Name	Interest Rates	Maturity Date	Original Amount	Principal Installments	Balance 12/31/08	Additions	Reductions	Balance 12/31/09	Due Within One Year
Governmental debt:									
General obligation bonds:									
Valley Communication Public Dev Auth	4.30-5.75%	12/1/2015	2,551,800	\$96,800 - \$233,000	1,428,000	-	(175,000)	1,253,000	184,000
SCORE Public Development Authority	3.00-6.62%	1/1/2039	26,732,850	\$593,650 - \$1,601,150	-	26,732,850	-	26,732,850	-
Total general obligation bonds due other governments			29,284,650		1,428,000	26,732,850	(175,000)	27,985,850	184,000

LONG-TERM DEBT RECONCILIATION

	Enterprise Funds	Governmental Funds	12/31/09
Liabilities payable from restricted assets:			
Revenue bonds	\$ 648,190	\$ -	\$ 648,190
Long-term bonds payable:			
General obligation bonds	5,940,000	2,235,000	8,175,000
Capital lease	-	25,193,600	25,193,600
Revenue bonds	1,551,810	-	1,551,810
Special assessments with government commitment	-	36,827	36,827
Public Works Trust Fund loans	8,697,964	1,316,979	10,014,943
Due to Other Governments	-	27,985,850	27,985,850
Employee leave benefits	589,606	2,059,963	2,649,569
Deferred charges	(3,427)	(922)	(4,348)
Total long-term debt	\$ 17,424,144	\$ 58,827,297	\$ 76,251,441

Revenue Bond Debt Service Coverage

The required debt service coverage for the 1999 utility revenue bonds and the 2005 utility revenue refunding bonds is 1.25. Debt service coverage for 2009 was 1.78.

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.

NOTE 10 – 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 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 98504-8380. The following disclosures are made pursuant to GASB Statement 27, Accounting for Pensions by State and Local Government Employers.

Public Employees’ Retirement System (PERS) Plans 1, 2, and 3

Plan Description

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and

university employees not participating in national higher education retirement programs; judges of district and municipal courts; and employees of local governments.

PERS participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

PERS Plan 1 and Plan 2 defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The annual benefit is two percent of the average final compensation (AFC) per year of service, capped at 60 percent. (The AFC is based on the greatest compensation during any 24 eligible consecutive months). This annual benefit is subject to a minimum for PERS Plan 1 retirees who have 25 years of service and have been retired 20 years, or who have 20 years of service and have been retired 25 years. Plan 1 members who retire from inactive status prior to the age of 65 may receive actuarially reduced benefits. Plan 1 members who retire from inactive status prior to the age of 65 may receive actuarially reduced benefits. If a survivor option is chosen, the benefit is further reduced. A cost-of living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, increased by three percent annually. Plan 1 members may also elect to receive an additional COLA amount that provides an automatic annual adjustment based on the Consumer Price Index. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service with an allowance of two percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period. Plan 2 members who retire prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at one percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Effective June 7, 2006, 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 twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible to retire with full benefits at age 65, or at age 55 with 10 years of service. Plan 3 members who retire prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit

is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Employee Retirement Benefits Board.

Judicial Benefit Multiplier

Beginning January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to participate in the Judicial Benefit Multiplier Program (JBM). Justices and judges in PERS Plan 1 and 2 were able to make a one-time irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5 percent multiplier. The benefit would be capped at 75 percent of average financial compensation. Judges in PERS Plan 3 could elect a 1.6 percent of pay per year of service benefit, capped at 37.5 percent of average compensation.

Members who choose to participate in JBM would: accrue service credit at the higher multiplier beginning with the date of their election, be subject to the benefit cap of 75% of average financial compensation, pay higher contributions, stop contributing to the Judicial Retirement Account (JRA), and be given the option to increase the multiplier on past judicial service. Members who did not choose to participate would: continue to accrue service credit at the regular multiplier; continue to participate in JRA, if applicable; never be a participant in the JBM Program; and continue to pay contributions at the regular PERS rate.

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who had not previously opted into PERS membership, were required to participate in the JBM Program. Members required into the JBM program would: return to prior PERS Plan if membership had previously been established; be mandated into Plan 2 and not have a Plan 3 transfer choice, if a new PERS member; accrue the higher multiplier for all judicial service; not contribute to JRA; and not have the option to increase the multiplier for past judicial service.

There are 1,192 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2008:

Retirees and Beneficiaries Receiving Benefits	73,122
Terminated Plan Members Entitled to but not yet Receiving Benefits	27,267
Active Plan Members Vested	105,212
Active Plan Members Non-vested	56,456
Total	262,057

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age. As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that

participate in the program. The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current year covered payroll, as of December 31, 2009, were as follows:

Members not participating in JBM:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	5.31%**	5.31%**	5.31%***
Employee	6.00%****	3.90%****	*****

- * The employer rates include the employer administrative expense fee currently set at 0.16%.
- ** The employer rate for state elected officials is 7.89% for Plan 1 and 5.31% for Plan 2 and Plan 3.
- *** Plan 3 defined benefit portion only.
- **** The employee rate for state elected officials is 7.50% for Plan 1 and 3.90% for Plan 2.
- ***** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Members participating in JBM:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	5.31%	5.31%	5.31%**
Employee	12.26%	9.75%	7.50%***

- * The employer rates include the employer administrative expense fee currently set at 0.16%.
- ** Plan 3 defined benefit portion only.
- *** Minimum rate.

Both City and the employees made the required contributions. The City's required contributions for the years ended December 31 were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2009	\$49,565	\$1,167,042	\$263,837
2008	\$54,719	\$1,173,956	\$238,108
2007	\$49,744	\$765,172	\$144,898

The employer contribution rate for the City was 6.13% in 2007, 8.31% in 2008 and 5.31% in 2009.

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plans 1 and 2

Plan Description

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF participants who joined the system by September 30, 1977 are Plan 1

members. Those who joined on or after October 1, 1977 are Plan 2 members. Membership in the system includes all full-time, fully compensated, local law enforcement officers and firefighters and, as of July 24, 2005, those emergency medical technicians who were given the option and chose LEOFF Plan 2 membership. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003, being an exception.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of LEOFF Plan 2. The Board’s duties include adopting contribution rates and recommending policy changes to the Legislature for the LEOFF Plan 2 retirement plan.

LEOFF defined benefit retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through state legislative appropriations. LEOFF retirement benefit provisions are established in state statute and may be amended by the State Legislature.

LEOFF Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50. The benefit per year of service calculated as a percent of final average salary (FAS) is as follows:

Term of Service	Percent of Final Average Salary
20 or more years	2.0%
10 but less than 20 years	1.5%
5 but less than 10 years	1.0%

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. A Cost-of-living allowance is granted (based on the Consumer Price Index).

LEOFF Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service, or at the age of 53 with five years of service, with an allowance of two percent of the FAS per year of service. The FAS is based on the highest consecutive 60 months. Plan 2 members who retire prior to the age of 53 receive reduced benefits. Benefits are actuarially reduced for each year that the benefit commences prior to age 53 and to reflect the choice of a survivor option. 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. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

There are 375 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2008:

Retirees and Beneficiaries Receiving Benefits	9,268
Terminated Plan Members Entitled to but not yet Receiving Benefits	650
Active Plan Members Vested	13,120
Active Plan Members Non-vested	<u>3,927</u>
Total	26,965

Funding Policy

Starting on July 1, 2000, Plan 1 employers and employees contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. LEOFF Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. All employers are required to

contribute at the level required by state law. The Legislature, by means of a special funding arrangement, appropriated money from the state General Fund to supplement the current service liability and fund the prior service costs of LEOFF Plan 2 in accordance with the requirements of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2009, were as follows:

	LEOFF Plan 1	LEOFF Plan 2
Employer*	0.16%	5.24%**
Employee	0.00%	8.46%

* The employer rates include the employer administrative expense fee currently set at 0.16%.

** The employer rate for ports and universities is 8.99%.

Both the City of Auburn and the employees made the required contributions. The City's required contributions for the years ended December 31 were:

	LEOFF Plan 1	LEOFF Plan 2
2009	\$189	\$470,102
2008	\$221	\$459,489
2007	\$216	\$382,356

Public Safety Employees' Retirement System (PSERS) Plan 2

Plan Description

PSERS is a cost-sharing multiple-employer retirement system comprised of a single defined benefit plan, PSERS Plan 2. PSERS was created by the 2004 Legislature and became effective July 1, 2006.

PSERS Plan 2 membership includes full-time employees of a covered employer on or before July 1, 2006, who met at least one of the PSERS eligibility criteria, and elected membership during the election period of July 1, 2006 to September 30, 2006; and those full-time employees, hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria.

A *covered employer* is one that participates in PSERS. Covered employers include: State of Washington agencies: Department of Corrections, Department of Natural Resources, Parks and Recreation Commission, Gambling Commission, Washington State Patrol, and Liquor Control Board; Washington state counties; and Washington state cities except for Seattle, Tacoma and Spokane.

To be eligible for PSERS, an employee must work on a full-time basis and:

- have completed a certified criminal justice training course with authority to arrest, conduct criminal investigations, enforce the criminal laws of Washington, and carry a firearm as part of the job: OR
- have primary responsibility to ensure the custody and security of incarcerated or probationary individuals; OR

- function as a limited authority Washington peace officer, as defined in RCW 10.93.020; OR
- have primary responsibility to supervise eligible members who meet the above criteria.

PSERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PSERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Plan 2 members are vested after the completion of five years of eligible service. PSERS Plan 2 members may retire at the age of 65 with five years of service, or at the age of 60 with at least 10 years of PSERS service credit, with an allowance of two percent of the average final compensation (AFC) per year of service. The AFC is the monthly average of the member's 60 consecutive highest-paid service credit months, excluding any severance pay such as lump-sum payments for deferred sick leave, vacation or annual leave. Plan 2 members who retire prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a three percent per year reduction for each year between the age at retirement and age 60 applies. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

There are 73 participating employers in PSERS. Membership in PSERS consisted of the following as of the latest actuarial valuation date for the plan of June 30, 2008:

Retirees and Beneficiaries Receiving Benefits	1
Terminated Plan Members Entitled to but not yet Receiving Benefits	-
Active Plan Members Vested	-
Active Plan Members Non-vested	<u>3,981</u>
Total	3,982

Funding Policy

Each biennium, the state Pension Funding Council adopts PSERS Plan 2 employer and employee contribution rates. The employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fully fund Plan 2. All employers are required to contribute at the level established by the Legislature. The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.37 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2009, were as follows:

	PSERS Plan 2
Employer*	7.85%
Employee	6.55%

*The employer rate includes and employer administrative expense fee of 0.16%.

Both the City and the employees made the required contributions. The City's required contributions for the years ended December 31 were as follows:

	PSERS Plan 2
2009	\$ 58,643
2008	\$ 57,147
2007	\$ 48,549

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.

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, 2009 that no future City contributions would be required beyond future revenues from state fire insurance taxes and interest earnings. In 2009 \$58,000 was received from the state from taxes on fire insurance premiums. 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.

Membership of the Firemen's Pension Plan consisted of 14 eligible, of which 12 are receiving benefits.

GASB STATEMENTS No. 25 and No. 27 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, 1999	\$2,096	\$2,157	\$60	97.17%	\$119	51%
January 1, 2001	\$3,632	\$2,332	(\$1,300)	155.75%	\$58	-2241%
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%	\$0	N/A
January 1, 2009	\$2,941	\$1,878	(\$1,063)	157.00%	\$0	N/A

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

Prior to adoption of GASB Statement No. 25 in 1997, the Annual Required Contribution (ARC) was not determined pursuant to the parameters required by the statement. Therefore, no liability prior to 1997 has been shown.

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

Fiscal Year Ending	Actual Employer Contributions	Annual Required Contribution (ARC)	Percentage of ARC Contributed
December 31, 1999	\$52,738	\$5,381	980%
December 31, 2000	\$31,721	\$5,381	590%
December 31, 2001	\$37,281	\$0	N/A
December 31, 2002	\$40,869	\$0	N/A
December 31, 2003	\$45,664	\$0	N/A
December 31, 2004	(\$137,783)	(\$91,881)	N/A
December 31, 2005	(\$144,746)	(\$78,690)	N/A
December 31, 2006	(\$149,327)	(\$78,690)	N/A
December 31, 2007	\$17,920	(\$5,048)	N/A
December 31, 2008	\$12,167	(\$5,048)	N/A
December 31, 2009	\$37,232	(\$78,233)	N/A

**GASB STATEMENT No. 27
THREE YEAR TREND INFORMATION**

Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
\$5,520	574.66%	(\$48,808)
\$341	10932.84%	(\$85,748)
\$684	5975.00%	(\$125,933)
\$1,137	4016.18%	(\$170,460)
(\$90,143)	N/A	(\$122,820)
(\$76,827)	N/A	(\$54,901)
(\$77,774)	N/A	\$16,652
(\$5,420)	N/A	(\$48,953)
(\$4,885)	N/A	(\$23,740)
(\$77,503)	N/A	(\$138,475)

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

Fiscal Year Ending	ARC at End of Year ⁽¹⁾	Interest on NPO ⁽²⁾	ARC Adjustment	Amort. Factor *	Annual Pension Cost (APC)	Total Employer Contributions	Change in NPO	NPO Balance ⁽³⁾
12/31/1999	\$5,381	\$1,742	\$1,874	13.28%	\$5,249	\$52,738	(\$47,489)	(\$22,667)
12/31/2000	\$5,381	(\$1,582)	(\$1,721)	13.14%	\$5,520	\$31,721	(\$26,201)	(\$48,808)
12/31/2001	\$0	(\$3,417)	(\$3,758)	12.99%	\$341	\$37,281	(\$36,940)	(\$85,748)
12/31/2002	\$0	(\$6,002)	(\$6,686)	12.83%	\$684	\$40,869	(\$40,185)	(\$125,933)
12/31/2003	\$0	(\$8,815)	(\$9,952)	12.65%	\$1,137	\$45,664	(\$44,527)	(\$170,460)
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)

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

⁽²⁾ 8.00% interest rate was used for years prior to January 1, 1999; 7.00% thereafter.

⁽³⁾ The Net Pension Obligation (NPO) balance is reflected as part of Deferred Charges on the Government-wide Statement of Net Assets

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

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

Valuation date	January 1, 2009
Actuarial cost method	Entry age normal
Amortization method	30-year, closed as of January 1, 1999
Remaining amortization period	20 years
Asset valuation method	Fair market value

Actuarial Assumptions

Investment rate of return	4.0%
Projected salary increases	3.5%
Cost-of living adjustments	2.5%

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.

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 table below 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.

	Fiscal Year Ending
	12/31/2009
Annual required contribution (ARC)	
1. Annual Normal Costs at beginning of year	\$ 90,257
2. Amortization of UAAL at beginning of year	1,540,432
3. Interest to end of year	81,534
4. ARC at end of year	\$ 1,712,223
5. Interest on Net OPEB Obligation	39,660
6. Adjustment to ARC	60,618
7. Annual OPEB Cost	\$ 1,691,265
8. Employer Contributions	1,037,683
9. Change in Net OPEB Obligation	653,582
10. Net OPEB Obligation at beginning of year	793,204
11. Net OPEB Obligation at end of year	\$ 1,446,786

The City's annual OPEB cost, the percentage of OPEB costs contributed to the plan, and the net OPEB obligation for 2009 were as follows:

Fiscal Year Ending	Annual OPEB Cost	Contributions as a Percentage of Annual OPEB Cost	Net OPEB Obligation
December 31, 2009	\$ 1,691,265	61%	\$ 1,446,786

Funded Status and Funding Progress

As of January 1, 2008, the most recent actuarial valuation date, the plan was 0% funded. The accrued liability for benefits was \$20.7 million, and the actuarial value of assets was \$0, resulting in a UAAL of \$20.7 million.

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, 2008 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions used included a 5.0% 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. Other significant assumptions are a medical inflation rate of 9.0% and long term care of 5.0%.

The UAAL is being amortized on a closed basis at the assumed discount rate. The remaining amortization period at January 1, 2008 was 21 years.

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

Trust Description

The City is a Participating Employer in the Association of Washington Cities Employee Benefit Trust (“Trust”), a cost-sharing multiple-employer welfare benefit plan administered by the Association of Washington Cities. The Trust provides medical benefits to certain eligible retired employees of Participating Employers and their eligible family members. Under Article VII of the Trust document, the Trustees have the authority and power to amend the amount and the nature of the medical and other benefits provided by the Trust. The Trust issues a publicly available financial report that includes financial statements and requires supplementary information for Trust. That report, along with a copy of the Trust document, may be obtained by writing to Trust at 1076 Franklin Street SE, Olympia, WA 98501-1346 or by calling 1-800-562-8981.

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 \$697.60 per month for non-Medicare enrolled retiree-only coverage, \$1,395.20 for non-Medicare enrolled retiree and spouse coverage, \$1,069.10 for Medicare enrolled retiree and non-Medicare enrolled spouse (or non-Medicare enrolled retiree and Medicare-enrolled spouse) and \$743.00 for Medicare-enrolled retiree and spouse coverage.

Participating Employers are contractually required to contribute at a rate assessed each year by Trust, currently 14.8 percent of annual covered payroll. The City’s contributions to the Trust for the year ended December 31, 2009, was \$4.5 million, which equaled the required contributions of that year.

NOTE 13 – CONSTRUCTION COMMITMENTS

At December 31, 2009 the City had the following contractual obligations on construction projects:

SCHEDULE OF OUTSTANDING CONSTRUCTION OBLIGATIONS
AS OF DECEMBER 31, 2009

	Amount Outstanding
Traffic projects	\$ 166,354
Street projects	1,588,476
Utilities projects	2,786,056
Other projects	268,323
Total commitments	\$ 4,809,209

NOTE 14 – CEMETERY ENDOWED CARE FUND

The City maintains one permanent fund known as the cemetery endowed care fund. Paid into this fund are 15% of all proceeds received from the sale 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 2009, of the \$25,327 net appreciation on investments, all was available for expenditures. Amounts that are available for expenditure are reflected as unrestricted net assets.

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 2009 cost distribution for the five participating cities is as follows:

	Dispatchable Calls	Percent of Total *
Renton	79,997	21.38%
Kent	102,449	27.38%
Auburn	69,752	18.64%
Tukwila	36,382	9.72%
Federal Way	85,633	22.88%
Total	374,213	100.00%

* 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	Renton	Kent	Auburn	Tukwila	Federal Way	Total
Equity Dec. 31, 2008	\$ 4,454,176	\$ 6,372,363	\$ 4,234,611	\$2,570,406	\$ 2,689,657	\$ 20,321,213
Current year change	199,747	255,808	174,166	90,843	213,819	934,383
Equity Dec 31, 2009	<u>\$ 4,653,923</u>	<u>\$ 6,628,171</u>	<u>\$ 4,408,777</u>	<u>\$ 2,661,249</u>	<u>\$ 2,903,476</u>	<u>\$ 21,255,596</u>
% of equity	21.90%	31.18%	20.74%	12.52%	13.66%	
% of 2009 distribution	21.38%	27.38%	18.64%	9.72%	22.88%	

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 Agreement.

SCORE, an 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 will be 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 and secured by the full faith and credit of the Cities of Auburn, Burien Federal Way, Renton, SeaTac, and Tukwila (the "Owner Cities"). The SCORE PDA issued \$86 million in special obligation bonds in 2009 to carry out the facility development project. The following is a summary of the debt service requirements for the bond issue:

Summary of Debt Service Requirements										
Debt Service Schedule					Debt Service Allocation to Owner Cities					
Year	Principal	Interest	35% BABs Subsidy	Total	Auburn 31%	Burien 4%	Federal Way 18%	Renton 36%	SeaTac 3%	Tukwila 8%
2010	\$ -	\$ 3,394,191	\$ (265,223)	\$ 3,128,968	\$ 969,980	\$ 125,159	\$ 563,214	\$ 1,126,428	\$ 93,869	\$ 250,317
2011	-	5,155,732	(1,675,089)	3,480,643	1,078,999	139,226	626,516	1,253,031	104,419	278,451
2012	-	5,155,732	(1,675,089)	3,480,643	1,078,999	139,226	626,516	1,253,031	104,419	278,451
2013	1,915,000	5,126,998	(1,675,089)	5,366,909	1,663,742	214,676	966,044	1,932,087	161,007	429,353
2014	1,950,000	5,066,566	(1,654,975)	5,361,591	1,662,093	214,464	965,086	1,930,173	160,848	428,927
2015-2019	10,750,000	24,045,404	(8,092,315)	26,703,089	8,277,958	1,068,124	4,806,556	9,613,112	801,093	2,136,247
2020-2024	12,905,000	21,102,168	(7,405,227)	26,601,941	8,246,602	1,064,078	4,788,349	9,576,699	798,058	2,128,155
2025-2029	15,675,000	16,653,706	(6,067,795)	26,440,910	8,196,682	1,057,636	4,759,364	9,518,726	793,227	2,115,273
2030-2034	19,265,000	11,158,380	(4,128,483)	26,294,897	8,151,418	1,051,796	4,733,081	9,466,163	788,847	2,103,592
2035-2039	23,775,000	4,064,705	(1,697,914)	26,141,791	8,103,955	1,045,672	4,705,522	9,411,045	784,254	2,091,343
Totals	\$ 86,235,000	\$ 101,103,582	\$ (34,337,200)	\$ 153,001,382	\$ 47,430,428	\$ 6,120,057	\$ 27,540,248	\$ 55,080,497	\$ 4,590,041	\$ 12,240,109

Note: Interest is to be paid from bond proceeds during the construction period (2010 - 2011)

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, 2009 related to SCORE:

South Correctional Entity (SCORE) 2009 Owner Cities Equity Allocation				
Member City	Percent of Equity	2008 Equity Balance	2009 Distribution	2009 Equity Balance
Auburn	31.00%	\$ -	\$ 1,692,471	\$ 1,692,471
Burien	4.00%	-	218,383	218,383
Federal Way	18.00%	-	982,725	982,725
Renton	36.00%	-	1,965,450	1,965,450
SeaTac	3.00%	-	163,787	163,787
Tukwila	8.00%	-	436,767	436,767
Grand Totals	100.00%	\$ -	\$ 5,459,583	\$ 5,459,583

Completed financial statements for SCORE and SCORE PDA can be obtained from the SCORE office, City of Renton, 1055 South Grady Way, Renton, WA 98057.

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 2009 Auburn paid \$28,446 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 2009 were \$166,954. Medical premiums and benefit payments made under the Fire Relief and Pension Plan for 2009 were \$150,800.

NOTE 17 – CONTINGENCIES AND LITIGATION

As of December 31, 2009, a number of claims were pending against the City for damages and legal actions. While the outcome of these actions is uncertain, no losses are clearly anticipated at this time due to 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 comprehensive liability insurance, including public officials' errors and omission insurance and general liability insurance.

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 136 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 \$500,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of reinsurance.

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. These revenues directly offset portions of the membership's annual assessment.

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.

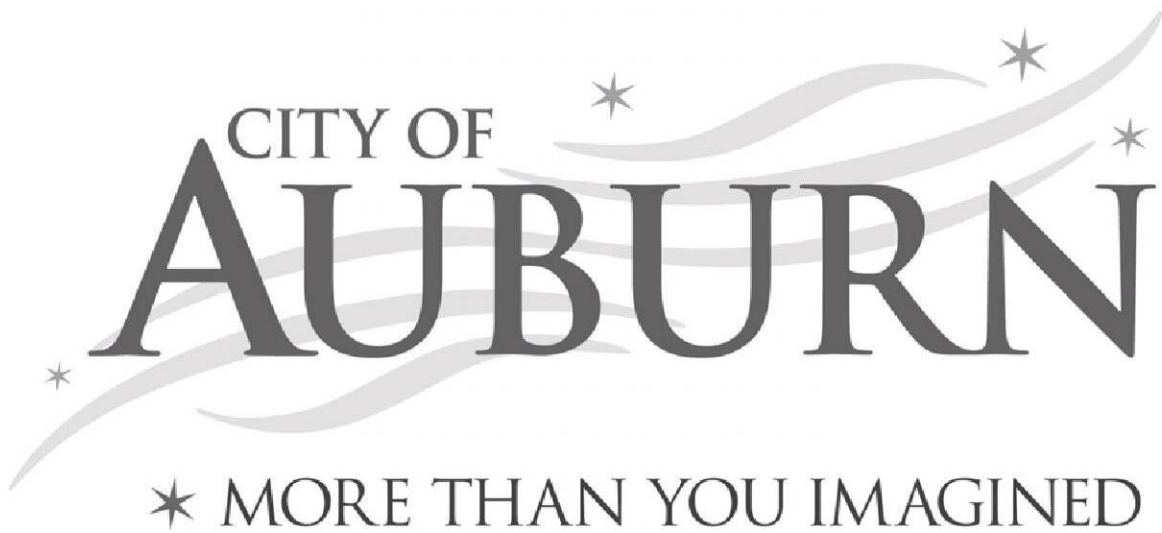
No settlement has exceeded insurance coverage over the past three years.

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 participates in the State of Washington's Workers' Compensation program. Premiums are based on individual employer's reported payroll hours and insurance rates based on each employer's risk classification and past experience. The premium is paid by employer and employee contributions.

NOTE 19 – SUBSEQUENT EVENTS

On May 3, 2010, the City of Auburn issued approximately \$31,990,000 in Limited General Obligation (LTGO) Bonds. The bonds will be used for the following purposes: 1) refunding all or a portion of the City's outstanding LTGO 1998 bonds; 2) to pay for downtown infrastructure improvements which includes utility relocation and upsizing, a promenade with open plazas, and a new street surface; and 3) to pay for a portion of the cost 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 (Note 8).



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, 2009

	TOTAL NON-MAJOR SPECIAL REVENUE FUNDS	TOTAL NON-MAJOR DEBT SERVICE FUNDS	TOTAL NON-MAJOR CAPITAL PROJ FUNDS	TOTAL NON-MAJOR PERMANENT FUNDS	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
ASSETS:					
CASH AND CASH EQUIVALENTS	\$ 14,103,143	\$ 185,179	\$ 645,778	\$ 1,506,362	\$ 16,440,462
INVESTMENTS	-	-	-	-	-
RECEIVABLES:					
OTHER RECEIVABLES	56,345	-	-	-	56,345
SPECIAL ASSESSMENTS	-	650,919	-	-	650,919
DUE FROM OTHER GOVERNMENTAL UNITS	127,435	-	21,379	-	148,814
DEFERRED CHARGES	4,320	-	-	-	4,320
TOTAL ASSETS	\$ 14,291,243	\$ 836,098	\$ 667,157	\$ 1,506,362	\$ 17,300,860
LIABILITIES AND FUND BALANCES:					
CURRENT PAYABLES	\$ 347,848	\$ -	\$ 15,490	\$ -	\$ 363,338
DEFERRED REVENUE	-	650,919	-	-	650,919
TOTAL LIABILITIES	347,848	650,919	15,490	-	1,014,257
FUND BALANCES:					
RESERVED FOR:					
DEBT SERVICE	-	185,179	-	-	185,179
ENDOWMENT	-	-	-	1,352,859	1,352,859
UNRESERVED					
DESIGNATED FOR MITIGATION	5,971,594	-	-	-	5,971,594
UNDESIGNATED	7,971,801	-	651,667	153,503	8,776,971
TOTAL FUND BALANCES	13,943,395	185,179	651,667	1,506,362	16,286,603
TOTAL LIABILITIES AND FUND BALANCES	\$ 14,291,243	\$ 836,098	\$ 667,157	\$ 1,506,362	\$ 17,300,860

CITY OF AUBURN, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENT FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2009

	TOTAL NON-MAJOR SPECIAL REVENUE	TOTAL NON-MAJOR DEBT SERVICE	TOTAL NON-MAJOR CAPITAL PROJECTS	TOTAL NON-MAJOR PERMANENT	TOTAL NON-MAJOR GOVERNMENTAL
REVENUES:					
TAXES:					
PROPERTY	\$ 2,200,000	\$ -	\$ 113,152	\$ -	\$ 2,313,152
INTERFUND UTILITY	394,959	-	-	-	394,959
UTILITY	1,133,464	-	-	-	1,133,464
EXCISE	70,777	-	-	-	70,777
OTHER	52,480	-	-	-	52,480
INTERGOVERNMENTAL	629,017	-	150,588	-	779,605
CHARGES FOR SERVICES	1,700,823	-	22,546	40,639	1,764,008
SPECIAL ASSESSMENTS	-	51,467	-	-	51,467
INVESTMENT EARNINGS	95,516	36,018	2,626	25,327	159,487
MISCELLANEOUS	304,926	-	64,079	-	369,005
TOTAL REVENUES	6,581,962	87,485	352,991	65,966	7,088,404
EXPENDITURES:					
CURRENT:					
SECURITY OF PERSONS & PROPERTY	405,831	-	-	-	405,831
TRANSPORTATION	3,045,695	-	-	-	3,045,695
ECONOMIC ENVIRONMENT	687,387	-	-	-	687,387
DEBT SERVICE					
PRINCIPAL	-	230,825	-	-	230,825
INTEREST	-	135,546	-	-	135,546
CAPITAL OUTLAY	-	-	1,183,571	-	1,183,571
TOTAL EXPENDITURES	4,138,913	366,371	1,183,571	-	5,688,855
EXCESS (DEFICIENCY) OF REVENUES					
OVER (UNDER) EXPENDITURES	2,443,049	(278,886)	(830,580)	65,966	1,399,549
OTHER FINANCING SOURCES (USES):					
SALE OF CAPITAL ASSETS	-	-	26,977	-	26,977
TRANSFERS IN (Note 5)	1,028,099	302,500	1,170,441	-	2,501,040
TRANSFERS OUT (Note 5)	(2,439,386)	(10,000)	-	(40,000)	(2,489,386)
TOTAL OTHER FINANCING SOURCES (USES)	(1,411,287)	292,500	1,197,418	(40,000)	38,631
NET CHANGE IN FUND BALANCES	1,031,762	13,614	366,838	25,966	1,438,180
FUND BALANCES - BEGINNING	12,911,633	171,565	284,829	1,480,396	14,848,423
FUND BALANCES - ENDING	\$ 13,943,395	\$ 185,179	\$ 651,667	\$ 1,506,362	\$ 16,286,603



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 ten 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.*

Local Law Enforcement Block Grant – *Accounts for police overtime relating to community oriented policing.*

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.*

The Cumulative Reserve Fund - *Created for the purpose of revenue stabilization for future operations.*

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, 2009

Page 1 of 2

	LOCAL STREETETS	HOTEL/ MOTEL TAX	ARTERIAL STREET PRESERVATION	DRUG FORFEITURE	LOCAL LAW ENFORCEMENT
ASSETS:					
CASH AND CASH EQUIVALENTS	\$ 1,550,721	\$ 99,870	\$ 179,388	\$ 767,905	\$ 15,418
RECEIVABLES:					
OTHER RECEIVABLES	-	-	56,345	-	-
DUE FROM OTHER GOVERNMENTAL UNITS	-	-	-	28,940	-
DEFERRED CHARGES	-	4,320	-	-	-
TOTAL ASSETS	\$ 1,550,721	\$ 104,190	\$ 235,733	\$ 796,845	\$ 15,418
LIABILITIES AND FUND BALANCES:					
CURRENT PAYABLES	\$ 62,116	\$ 3,514	\$ 99,144	\$ 51,099	\$ -
TOTAL LIABILITIES	62,116	3,514	99,144	51,099	-
FUND BALANCES:					
UNRESERVED					
DESIGNATED FOR MITIGATION	-	-	-	-	-
UNDESIGNATED	1,488,605	100,676	136,589	745,746	15,418
TOTAL FUND BALANCES	1,488,605	100,676	136,589	745,746	15,418
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,550,721	\$ 104,190	\$ 235,733	\$ 796,845	\$ 15,418

HOUSING COMMUNITY DEVELOPMENT	RECREATION TRAILS	BUSINESS IMPROVEMENT AREA	CUMULATIVE RESERVE	MITIGATION FEES	TOTAL NON-MAJOR SPECIAL REVENUE FUNDS
\$ 11,131	\$ 44,976	\$ 56,103	\$ 5,360,687	\$ 6,016,944	\$ 14,103,143
-	-	-	-	-	56,345
98,495	-	-	-	-	127,435
-	-	-	-	-	4,320
<u>\$ 109,626</u>	<u>\$ 44,976</u>	<u>\$ 56,103</u>	<u>\$ 5,360,687</u>	<u>\$ 6,016,944</u>	<u>\$ 14,291,243</u>
\$ 75,818	\$ -	\$ 10,807	\$ -	\$ 45,350	\$ 347,848
75,818	-	10,807	-	45,350	347,848
-	-	-	-	5,971,594	5,971,594
33,808	44,976	45,296	5,360,687	-	7,971,801
33,808	44,976	45,296	5,360,687	5,971,594	13,943,395
<u>\$ 109,626</u>	<u>\$ 44,976</u>	<u>\$ 56,103</u>	<u>\$ 5,360,687</u>	<u>\$ 6,016,944</u>	<u>\$ 14,291,243</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, 2009

	LOCAL STREETS	HOTEL/ MOTEL TAX	ARTERIAL STREET PRESERVATION	DRUG FORFEITURE	LOCAL LAW ENFORCEMENT GRANT
REVENUES:					
TAXES:					
PROPERTY	\$ 2,200,000	\$ -	\$ -	\$ -	\$ -
INTERFUND UTILITY	-	-	394,959	-	-
UTILITY	-	-	1,133,464	-	-
EXCISE	-	70,777	-	-	-
OTHER	-	-	-	-	-
INTERGOVERNMENTAL	-	-	-	56,318	-
CHARGES FOR SERVICES	-	1,350	-	-	-
INVESTMENT EARNINGS	7,574	672	3,357	4,662	180
MISCELLANEOUS	-	-	-	304,926	-
TOTAL REVENUES	2,207,574	72,799	1,531,780	365,906	180
EXPENDITURES:					
CURRENT:					
SECURITY OF PERSONS & PROPERTY	-	-	-	294,050	13,681
TRANSPORTATION	1,536,362	-	1,509,333	-	-
ECONOMIC ENVIRONMENT	-	74,159	-	-	-
TOTAL EXPENDITURES	1,536,362	74,159	1,509,333	294,050	13,681
EXCESS (DEFICIENCY) OF REVENUES					
OVER (UNDER) EXPENDITURES	671,212	(1,360)	22,447	71,856	(13,501)
OTHER FINANCING SOURCES (USES):					
TRANSFERS IN (Note 5)	150,000	-	114,142	-	-
TRANSFERS OUT (Note 5)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	150,000	-	114,142	-	-
NET CHANGE IN FUND BALANCES	821,212	(1,360)	136,589	71,856	(13,501)
FUND BALANCES - BEGINNING	667,393	102,036	-	673,890	28,919
FUND BALANCES - ENDING	\$ 1,488,605	\$ 100,676	\$ 136,589	\$ 745,746	\$ 15,418

HOUSING COMMUNITY DEVELOPMENT	RECREATION TRAILS	BUSINESS IMPROVEMENT AREA	CUMULATIVE RESERVE	MITIGATION FEES	TOTAL NON-MAJOR SPECIAL REVENUE FUNDS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,200,000
-	-	-	-	-	394,959
-	-	-	-	-	1,133,464
-	-	-	-	-	70,777
-	-	52,480	-	-	52,480
572,699	-	-	-	-	629,017
-	-	-	-	1,699,473	1,700,823
-	315	405	37,949	40,402	95,516
-	-	-	-	-	304,926
572,699	315	52,885	37,949	1,739,875	6,581,962
-	-	-	-	98,100	405,831
-	-	-	-	-	3,045,695
570,133	-	43,095	-	-	687,387
570,133	-	43,095	-	98,100	4,138,913
2,566	315	9,790	37,949	1,641,775	2,443,049
-	7,000	-	756,957	-	1,028,099
-	-	-	(1,300,785)	(1,138,601)	(2,439,386)
-	7,000	-	(543,828)	(1,138,601)	(1,411,287)
2,566	7,315	9,790	(505,879)	503,174	1,031,762
31,242	37,661	35,506	5,866,566	5,468,420	12,911,633
\$ 33,808	\$ 44,976	\$ 45,296	\$ 5,360,687	\$ 5,971,594	\$ 13,943,395

CITY OF AUBURN, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LOCAL STREETS SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	ORIGINAL BUDGET (GAAP BASIS)	FINAL AMENDED BUDGET (GAAP BASIS)	ACTUAL RESULTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
TAXES:				
PROPERTY	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ -
INVESTMENT EARNINGS	13,200	13,200	7,574	(5,626)
MISCELLANEOUS	-	-	-	-
TOTAL REVENUES	2,213,200	2,213,200	2,207,574	(5,626)
EXPENDITURES:				
CURRENT:				
TRANSPORTATION	2,200,000	2,420,150	1,536,362	883,788
TOTAL EXPENDITURES	2,200,000	2,420,150	1,536,362	883,788
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	13,200	(206,950)	671,212	878,162
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN (Note 5)	150,000	150,000	150,000	-
TOTAL OTHER FINANCING SOURCES (USES)	150,000	150,000	150,000	-
NET CHANGE IN FUND BALANCES	163,200	(56,950)	821,212	878,162
FUND BALANCES - BEGINNING	441,441	667,394	667,393	(1)
FUND BALANCES - ENDING	\$ 604,641	\$ 610,444	\$ 1,488,605	\$ 878,161

CITY OF AUBURN, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	ORIGINAL BUDGET (GAAP BASIS)	FINAL AMENDED BUDGET (GAAP BASIS)	ACTUAL RESULTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
TAXES:				
EXCISE	\$ 76,000	\$ 76,000	\$ 70,777	\$ (5,223)
CHARGES FOR SERVICES	9,100	9,100	1,350	(7,750)
INVESTMENT EARNINGS	2,500	2,500	672	(1,828)
TOTAL REVENUES	87,600	87,600	72,799	(14,801)
EXPENDITURES:				
CURRENT:				
ECONOMIC ENVIRONMENT	153,000	185,000	74,159	110,841
TOTAL EXPENDITURES	153,000	185,000	74,159	110,841
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(65,400)	(97,400)	(1,360)	96,040
NET CHANGE IN FUND BALANCES	(65,400)	(97,400)	(1,360)	96,040
FUND BALANCES - BEGINNING	98,000	102,036	102,036	-
FUND BALANCES - ENDING	\$ 32,600	\$ 4,636	\$ 100,676	\$ 96,040

CITY OF AUBURN, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ARTERIAL STREET PRESERVATION SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	ORIGINAL BUDGET (GAAP BASIS)	FINAL AMENDED BUDGET (GAAP BASIS)	ACTUAL RESULTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
TAXES:				
INTERFUND UTILITY	\$ 383,200	\$ 383,200	\$ 394,959	\$ 11,759
UTILITY	1,116,800	1,116,800	1,133,464	16,664
INVESTMENT EARNINGS	27,000	27,000	3,357	(23,643)
TOTAL REVENUES	1,527,000	1,527,000	1,531,780	4,780
EXPENDITURES:				
CURRENT:				
TRANSPORTATION	1,500,000	1,819,000	1,509,333	309,667
TOTAL EXPENDITURES	1,500,000	1,819,000	1,509,333	309,667
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	27,000	(292,000)	22,447	314,447
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN (Note 5)	-	296,700	114,142	(182,558)
TRANSFERS OUT (Note 5)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	296,700	114,142	(182,558)
NET CHANGE IN FUND BALANCES	27,000	4,700	136,589	131,889
FUND BALANCES - BEGINNING	-	-	-	-
FUND BALANCES - ENDING	\$ 27,000	\$ 4,700	\$ 136,589	\$ 131,889

CITY OF AUBURN, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DRUG FORFEITURE SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	ORIGINAL BUDGET (GAAP BASIS)	FINAL AMENDED BUDGET (GAAP BASIS)	ACTUAL RESULTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
INTERGOVERNMENTAL	\$ -	\$ -	\$ 56,318	\$ 56,318
INVESTMENT EARNINGS	15,000	15,000	4,662	(10,338)
MISCELLANEOUS	200,000	200,000	304,926	104,926
TOTAL REVENUES	215,000	215,000	365,906	150,906
EXPENDITURES:				
CURRENT:				
SECURITY OF PERSONS & PROPERTY	355,700	394,560	294,050	100,510
TOTAL EXPENDITURES	355,700	394,560	294,050	100,510
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(140,700)	(179,560)	71,856	251,416
NET CHANGE IN FUND BALANCES	(140,700)	(179,560)	71,856	251,416
FUND BALANCES - BEGINNING	554,807	673,890	673,890	-
FUND BALANCES - ENDING	\$ 414,107	\$ 494,330	\$ 745,746	\$ 251,416

CITY OF AUBURN, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LOCAL LAW ENFORCEMENT GRANT SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	ORIGINAL BUDGET (GAAP BASIS)	FINAL AMENDED BUDGET (GAAP BASIS)	ACTUAL RESULTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
INTERGOVERNMENTAL	\$ 13,000	\$ 13,000	\$ -	\$ (13,000)
INVESTMENT EARNINGS	100	100	180	80
TOTAL REVENUES	13,100	13,100	180	(12,920)
EXPENDITURES:				
CURRENT:				
SECURITY OF PERSONS & PROPERTY	14,400	14,400	13,681	719
TOTAL EXPENDITURES	14,400	14,400	13,681	719
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(1,300)	(1,300)	(13,501)	(12,201)
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN (Note 5)	1,300	1,300	-	(1,300)
TRANSFERS OUT (Note 5)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	1,300	1,300	-	(1,300)
NET CHANGE IN FUND BALANCES	-	-	(13,501)	(13,501)
FUND BALANCES - BEGINNING	12,261	28,919	28,919	-
FUND BALANCES - ENDING	\$ 12,261	\$ 28,919	\$ 15,418	\$ (13,501)

CITY OF AUBURN, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HOUSING & COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	ORIGINAL BUDGET (GAAP BASIS)	FINAL AMENDED BUDGET (GAAP BASIS)	ACTUAL RESULTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
INTERGOVERNMENTAL	\$ 600,900	\$ 600,900	\$ 572,699	\$ (28,201)
TOTAL REVENUES	600,900	600,900	572,699	(28,201)
EXPENDITURES:				
CURRENT:				
ECONOMIC ENVIRONMENT	600,900	600,020	570,133	29,887
HEALTH & HUMAN SERVICES	-	-	-	-
TOTAL EXPENDITURES	600,900	600,020	570,133	29,887
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	880	2,566	1,686
NET CHANGE IN FUND BALANCES	-	880	2,566	1,686
FUND BALANCES - BEGINNING	10,231	31,242	31,242	-
FUND BALANCES - ENDING	\$ 10,231	\$ 32,122	\$ 33,808	\$ 1,686

CITY OF AUBURN, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
RECREATION TRAILS SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	ORIGINAL BUDGET (GAAP BASIS)	FINAL AMENDED BUDGET (GAAP BASIS)	ACTUAL RESULTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
INVESTMENT EARNINGS	\$ 800	\$ 800	\$ 315	\$ (485)
TOTAL REVENUES	800	800	315	(485)
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	800	800	315	(485)
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN (Note 5)	7,000	7,000	7,000	-
TOTAL OTHER FINANCING SOURCES (USES)	7,000	7,000	7,000	-
NET CHANGE IN FUND BALANCES	7,800	7,800	7,315	(485)
FUND BALANCES - BEGINNING	37,494	37,661	37,661	-
FUND BALANCES - ENDING	\$ 45,294	\$ 45,461	\$ 44,976	\$ (485)

CITY OF AUBURN, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BUSINESS IMPROVEMENT AREA SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	ORIGINAL BUDGET (GAAP BASIS)	FINAL AMENDED BUDGET (GAAP BASIS)	ACTUAL RESULTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
TAXES:				
OTHER	\$ 53,000	\$ 53,000	\$ 52,480	\$ (520)
INVESTMENT EARNINGS	2,000	2,000	405	(1,595)
TOTAL REVENUES	55,000	55,000	52,885	(2,115)
EXPENDITURES:				
CURRENT:				
ECONOMIC ENVIRONMENT	53,000	53,000	43,095	9,905
TOTAL EXPENDITURES	53,000	53,000	43,095	9,905
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	2,000	2,000	9,790	7,790
NET CHANGE IN FUND BALANCES	2,000	2,000	9,790	7,790
FUND BALANCES - BEGINNING	68,958	35,506	35,506	-
FUND BALANCES - ENDING	\$ 70,958	\$ 37,506	\$ 45,296	\$ 7,790

CITY OF AUBURN, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CUMULATIVE RESERVE SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	ORIGINAL BUDGET (GAAP BASIS)	FINAL AMENDED BUDGET (GAAP BASIS)	ACTUAL RESULTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
TAXES:				
INVESTMENT EARNINGS	\$ 156,000	\$ 156,000	\$ 37,949	\$ (118,051)
TOTAL REVENUES	156,000	156,000	37,949	(118,051)
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	156,000	156,000	37,949	(118,051)
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN (Note 5)	-	1,500,000	756,957	(743,043)
TRANSFERS OUT (Note 5)	(488,000)	(4,100,000)	(1,300,785)	2,799,215
TOTAL OTHER FINANCING SOURCES (USES)	(488,000)	(2,600,000)	(543,828)	2,056,172
NET CHANGE IN FUND BALANCES	(332,000)	(2,444,000)	(505,879)	1,938,121
FUND BALANCES - BEGINNING	5,703,268	5,866,566	5,866,566	-
FUND BALANCES - ENDING	\$ 5,371,268	\$ 3,422,566	\$ 5,360,687	\$ 1,938,121

CITY OF AUBURN, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MITIGATION SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	ORIGINAL BUDGET (GAAP BASIS)	FINAL AMENDED BUDGET (GAAP BASIS)	ACTUAL RESULTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
CHARGES FOR SERVICES	\$ 810,000	\$ 1,397,467	\$ 1,699,473	\$ 302,006
INVESTMENT EARNINGS	142,000	142,000	40,402	(101,598)
TOTAL REVENUES	952,000	1,539,467	1,739,875	200,408
EXPENDITURES:				
CURRENT:				
SECURITY OF PERSONS & PROPERTY	98,100	212,100	98,100	114,000
TOTAL EXPENDITURES	98,100	212,100	98,100	114,000
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	853,900	1,327,367	1,641,775	314,408
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT (Note 5)	(1,575,100)	(1,788,120)	(1,138,601)	649,519
TOTAL OTHER FINANCING SOURCES (USES)	(1,575,100)	(1,788,120)	(1,138,601)	649,519
NET CHANGE IN FUND BALANCES	(721,200)	(460,753)	503,174	963,927
FUND BALANCES - BEGINNING	5,309,345	5,468,420	5,468,420	-
FUND BALANCES - ENDING	\$ 4,588,145	\$ 5,007,667	\$ 5,971,594	\$ 963,927



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 one outstanding general obligation issue, and three special assessment funds.

The 1998 General Obligation Library Bonds - Accounts for debt service on a Council-approved bond issue to finance, in conjunction with King County, the construction of a new library in the City.

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

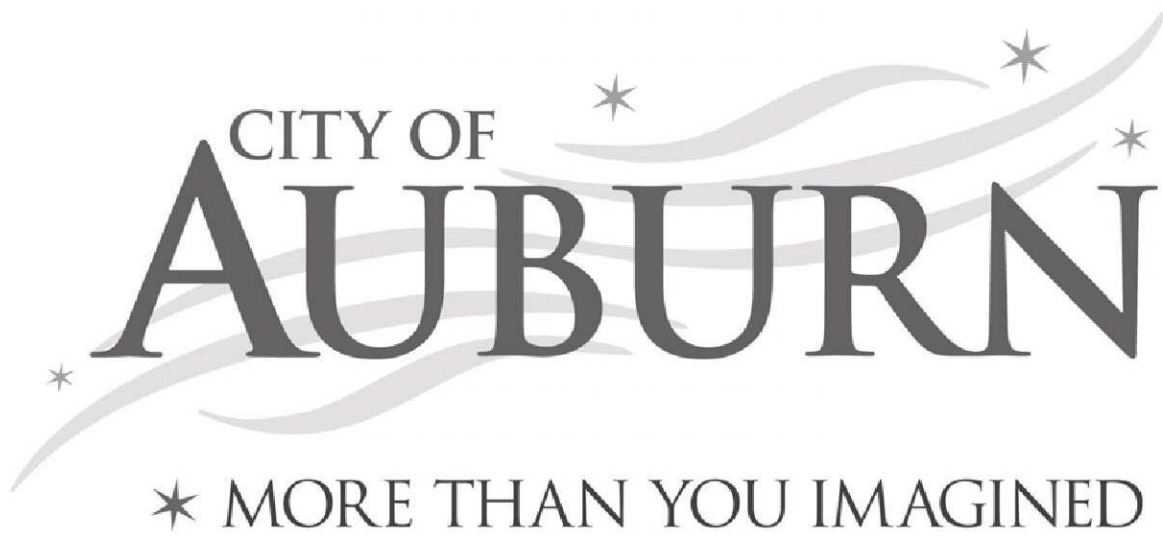
Special Assessment Debt Fund - Accounts for the special assessment collections and debt service payments for all local improvement districts located within the City.

CITY OF AUBURN, WASHINGTON
COMBINING BALANCE SHEET
NON-MAJOR DEBT SERVICE FUNDS
 DECEMBER 31, 2009

	1998 GO LIBRARY BOND DEBT	LID GUARANTEE	SPECIAL ASSESSMENTS	TOTAL NON-MAJOR DEBT SERVICE FUNDS
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 37,746	\$ 52,599	\$ 94,834	\$ 185,179
RECEIVABLES:				
SPECIAL ASSESSMENTS	-	-	650,919	650,919
TOTAL ASSETS	\$ 37,746	\$ 52,599	\$ 745,753	\$ 836,098
LIABILITIES AND FUND BALANCES:				
DEFERRED REVENUE	-	-	650,919	650,919
TOTAL LIABILITIES	-	-	650,919	650,919
FUND BALANCES:				
RESERVED FOR:				
DEBT SERVICE	37,746	-	94,834	132,580
LID GUARANTEE	-	52,599	-	52,599
TOTAL FUND BALANCES	37,746	52,599	94,834	185,179
TOTAL LIABILITIES AND FUND BALANCES	\$ 37,746	\$ 52,599	\$ 745,753	\$ 836,098

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, 2009

	1998 G.O. LIBRARY BOND DEBT	L I D GUARANTEE	SPECIAL ASSESSMENTS	TOTAL NON-MAJOR DEBT SERVICE FUNDS
REVENUES:				
TAXES:				
SPECIAL ASSESSMENTS	\$ -	\$ -	\$ 51,467	\$ 51,467
INVESTMENT EARNINGS	1,083	369	34,566	36,018
TOTAL REVENUES	1,083	369	86,033	87,485
EXPENDITURES:				
DEBT SERVICE				
PRINCIPAL	205,000	-	25,825	230,825
INTEREST	102,440	-	33,106	135,546
TOTAL EXPENDITURES	307,440	-	58,931	366,371
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(306,357)	369	27,102	(278,886)
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN (Note 5)	302,500	-	-	302,500
TRANSFERS OUT (Note 5)	-	(10,000)	-	(10,000)
TOTAL OTHER FINANCING SOURCES (USES)	302,500	(10,000)	-	292,500
NET CHANGE IN FUND BALANCES	(3,857)	(9,631)	27,102	13,614
FUND BALANCES - BEGINNING	41,603	62,230	67,732	171,565
FUND BALANCES - ENDING	\$ 37,746	\$ 52,599	\$ 94,834	\$ 185,179



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 one non-major capital project fund.

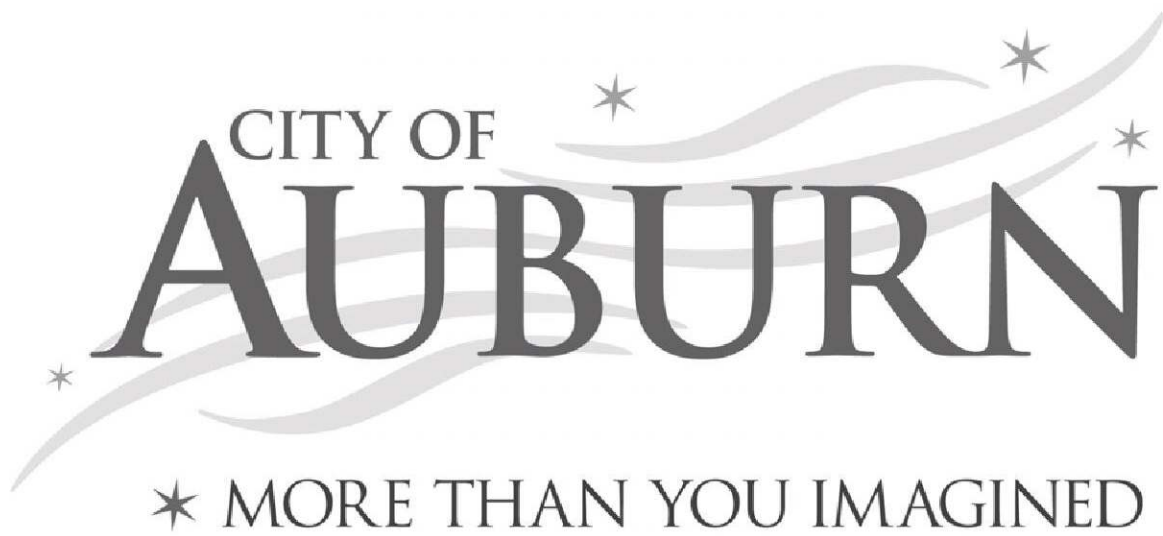
The Municipal Park Construction Fund - Accounts for park related construction activity and includes funding from a portion of field rental income and adult athletic team fees.

CITY OF AUBURN, WASHINGTON
BALANCE SHEET
NON-MAJOR CAPITAL PROJECT FUND
 DECEMBER 31, 2009

	MUNICIPAL PARK CONSTRUCTION	NON-MAJOR CAPITAL PROJECT FUNDS
ASSETS:		
CASH AND CASH EQUIVALENTS	\$ 645,778	\$ 645,778
DUE FROM OTHER GOVERNMENTAL UNITS	21,379	21,379
TOTAL ASSETS	\$ 667,157	\$ 667,157
LIABILITIES AND FUND BALANCES:		
CURRENT PAYABLES	\$ 15,490	15,490
TOTAL LIABILITIES	15,490	15,490
FUND BALANCES:		
UNRESERVED UNDESIGNATED	651,667	\$ 651,667
TOTAL FUND BALANCES	651,667	651,667
TOTAL LIABILITIES AND FUND BALANCES	\$ 667,157	\$ 667,157

CITY OF AUBURN, WASHINGTON
**STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES**
NON-MAJOR CAPITAL PROJECT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	MUNICIPAL PARK CONSTRUCTION	NON-MAJOR CAPITAL PROJECTS FUNDS
REVENUES:		
TAXES:		
PROPERTY	\$ 113,152	\$ 113,152
INTERGOVERNMENTAL	150,588	150,588
CHARGES FOR SERVICES	22,546	22,546
INVESTMENT EARNINGS	2,626	2,626
MISCELLANEOUS	64,079	64,079
TOTAL REVENUES	352,991	352,991
EXPENDITURES:		
CAPITAL OUTLAY	1,183,571	1,183,571
TOTAL EXPENDITURES	1,183,571	1,183,571
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(830,580)	(830,580)
OTHER FINANCING SOURCES (USES):		
SALES OF CAPITAL ASSETS	26,977	26,977
TRANSFERS IN (Note 5)	1,170,441	1,170,441
TOTAL OTHER FINANCING SOURCES (USES)	1,197,418	1,197,418
NET CHANGE IN FUND BALANCES	366,838	366,838
FUND BALANCES - BEGINNING	284,829	284,829
FUND BALANCES - ENDING	\$ 651,667	\$ 651,667



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.

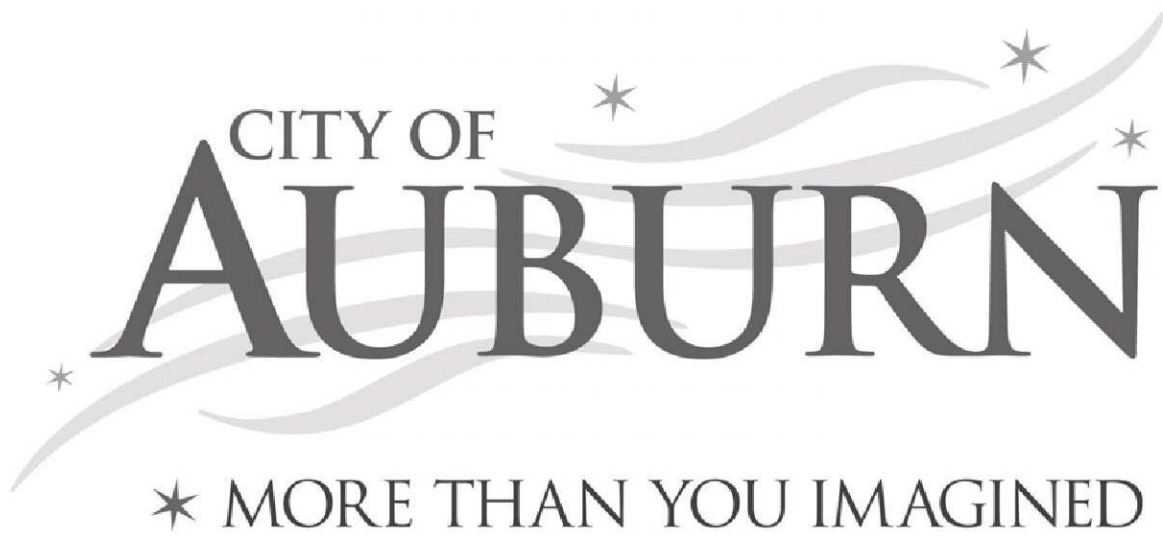
The Cemetery Endowed Care Fund - Accounts for non-expendable investments held by the City's trustee. The interest income from investments is available for use by the cemetery fund for capital enhancement and maintenance.

CITY OF AUBURN, WASHINGTON
BALANCE SHEET
PERMANENT FUND
 DECEMBER 31, 2009

	CEMETERY ENDOWED CARE
ASSETS:	
CASH AND CASH EQUIVALENTS	
NON-EXPENDABLE TRUST	\$ 1,506,362
INVESTMENTS	-
TOTAL ASSETS	\$ 1,506,362
FUND BALANCES:	
RESERVED FOR:	
ENDOWMENT	\$ 1,352,859
UNRESERVED	
UNDESIGNATED	153,503
TOTAL FUND BALANCES	1,506,362
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,506,362

CITY OF AUBURN, WASHINGTON
**STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE**
PERMANENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	CEMETERY ENDOWED CARE
REVENUES:	
INCREASE TO ENDOWMENT FROM LOT SALES	\$ 40,639
INVESTMENT EARNINGS	25,327
TOTAL REVENUES	65,966
EXCESS OF REVENUES OVER EXPENDITURES	65,966
OTHER FINANCING SOURCES (USES):	
TRANSFERS OUT (Note 5)	(40,000)
TOTAL OTHER FINANCING SOURCES (USES)	(40,000)
NET CHANGE IN FUND BALANCE	25,966
FUND BALANCE - BEGINNING	1,480,396
FUND BALANCE - ENDING	\$ 1,506,362



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 three 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.

The Commercial Retail Fund – Accounts for revenues and expenses related to City-owned or leased property that is rented to commercial tenants.

CITY OF AUBURN, WASHINGTON
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR ENTERPRISE FUNDS
 DECEMBER 31, 2009

	AIRPORT	CEMETERY	COMMERCIAL RETAIL	TOTAL NON-MAJOR ENTERPRISE FUNDS
ASSETS:				
CURRENT ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 1,045,971	\$ 341,503	\$ 650,277	\$ 2,037,751
RESTRICTED CASH:				
CUSTOMER DEPOSITS	69,888	-	-	69,888
CUSTOMER ACCOUNTS	3,909	-	-	3,909
INVENTORIES	-	11,395	-	11,395
TOTAL CURRENT ASSETS	1,119,768	352,898	650,277	2,122,943
NONCURRENT ASSETS:				
LONG-TERM CONTRACTS AND NOTES	-	6,542	-	6,542
CAPITAL ASSETS:				
LAND	3,653,343	342,835	-	3,996,178
BUILDINGS AND EQUIPMENT	2,476,174	1,015,894	1,096,555	4,588,623
IMPROVEMENTS OTHER THAN BUILDINGS	5,189,952	1,082,094	356,229	6,628,275
CONSTRUCTION IN PROGRESS	3,012,041	18,896	-	3,030,937
LESS: ACCUMULATED DEPRECIATION	(4,396,840)	(1,142,245)	(629,120)	(6,168,205)
TOTAL CAPITAL ASSETS (NET OF A/D)	9,934,670	1,317,474	823,664	12,075,808
TOTAL NONCURRENT ASSETS	9,934,670	1,324,016	823,664	12,082,350
TOTAL ASSETS	11,054,438	1,676,914	1,473,941	14,205,293
LIABILITIES:				
CURRENT LIABILITIES:				
CURRENT PAYABLES	26,939	36,399	-	63,338
EMPLOYEE LEAVE BENEFITS-CURRENT	1,797	16,179	-	17,976
GENERAL OBLIGATION BONDS PAYABLE-CURRENT	85,000	-	-	85,000
DEPOSITS	69,888	-	-	69,888
TOTAL CURRENT LIABILITIES	183,624	52,578	-	236,202
NONCURRENT LIABILITIES:				
DEFERRED REVENUE	-	6,542	-	6,542
EMPLOYEE LEAVE BENEFITS	594	5,347	-	5,941
GENERAL OBLIGATION BONDS PAYABLE	1,182,567	498,373	-	1,680,940
TOTAL NONCURRENT LIABILITIES	1,183,161	510,262	-	1,693,423
TOTAL LIABILITIES	1,366,785	562,840	-	1,929,625
NET ASSETS:				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	8,667,103	819,102	823,664	10,309,869
UNRESTRICTED	1,020,550	294,972	650,277	1,965,799
TOTAL NET ASSETS	\$ 9,687,653	\$ 1,114,074	\$ 1,473,941	\$ 12,275,668

CITY OF AUBURN, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NON-MAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2009

	AIRPORT	CEMETERY	COMMERCIAL RETAIL	TOTAL NON-MAJOR ENTERPRISE FUNDS
OPERATING REVENUES:				
CHARGES FOR SERVICES	\$ 659,563	\$ 694,688	\$ -	\$ 1,354,251
INTEREST	-	1,470	-	1,470
OTHER OPERATING REVENUE	-	-	-	-
TOTAL OPERATING REVENUES	659,563	696,158	-	1,355,721
OPERATING EXPENSES:				
OPERATIONS & MAINTENANCE	2,479	524,788	-	527,267
ADMINISTRATION	420,446	284,526	-	704,972
DEPRECIATION/AMORTIZATION	224,393	66,648	42,238	333,279
OTHER OPERATING EXPENSES	152	8,345	-	8,497
TOTAL OPERATING EXPENSES	647,470	884,307	42,238	1,574,015
OPERATING INCOME (LOSS)	12,093	(188,149)	(42,238)	(218,294)
NON-OPERATING REVENUE (EXPENSE):				
INTEREST REVENUE	7,844	2,914	-	10,758
OTHER NON-OPERATING REVENUES	2,485,259	500	-	2,485,759
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	-	3,095	-	3,095
INTEREST EXPENSE	(70,963)	(21,776)	-	(92,739)
TOTAL NON-OPERATING REVENUE (EXPENSE)	2,422,140	(15,267)	-	2,406,873
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	2,434,233	(203,416)	(42,238)	2,188,579
TRANSFERS IN (Note 5)	-	40,000	-	40,000
TRANSFERS OUT (Note 5)	-	-	-	-
CHANGE IN NET ASSETS	2,434,233	(163,416)	(42,238)	2,228,579
TOTAL NET ASSETS BEGINNING OF YEAR	7,253,420	1,277,490	1,516,179	10,047,089
TOTAL NET ASSETS END OF YEAR	\$ 9,687,653	\$ 1,114,074	\$ 1,473,941	\$ 12,275,668

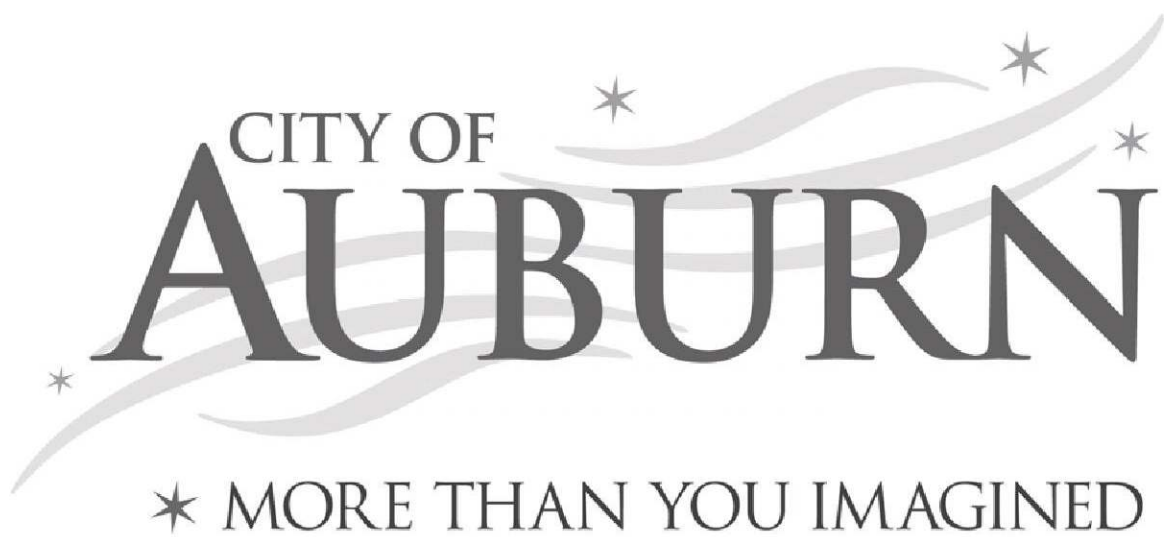
CITY OF AUBURN, WASHINGTON
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

Page 1 of 2

	AIRPORT	CEMETERY	COMMERCIAL RETAIL	TOTAL NON-MAJOR ENTERPRISE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:				
CASH RECEIVED FROM USERS	\$ 650,194	\$ 696,159	\$ -	\$ 1,346,353
CASH PAID TO SUPPLIERS	(376,706)	(299,804)	-	(676,510)
CASH PAID FOR TAXES	(152)	(8,345)	-	(8,497)
CASH PAID FOR INVENTORY	-	(2,940)	-	(2,940)
CASH PAID TO EMPLOYEES	(22,468)	(524,260)	-	(546,727)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	250,868	(139,190)	-	111,678
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
TRANSFERS FROM OTHER FUNDS	-	40,000	-	40,000
OPERATING TRANSFERS OUT	-	-	-	-
NET CASH PROVIDED (USED) BY NON- CAPITAL FINANCING ACTIVITIES	-	40,000	-	40,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
PROCEEDS FROM SALE OF EQUIPMENT	-	3,095	-	3,095
PURCHASE OF CAPITAL ASSETS	(2,657,536)	(31,222)	-	(2,688,758)
PROCEEDS FROM OTHER GOVERNMENTS	2,485,259	-	-	2,485,259
PREMIUM & BOND ISSUANCE COSTS	9,774	-	-	9,774
PRINCIPAL PAYMENT ON DEBT	(65,000)	-	-	(65,000)
INTEREST PAYMENT ON DEBT	(70,963)	(22,270)	-	(93,233)
OTHER CASH RECEIVED (PAID)	-	500	-	500
NET CASH PROVIDED (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(298,466)	(49,896)	-	(348,361)
CASH FLOW FROM INVESTING ACTIVITIES:				
INTEREST RECEIVED	7,844	2,914	-	10,758
NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES	7,844	2,914	-	10,758
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	(39,754)	(146,171)	-	(185,925)
CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR	1,155,613	487,674	650,277	2,293,564
CASH AND CASH EQUIVALENTS-END OF YEAR	\$ 1,115,859	\$ 341,503	\$ 650,277	\$ 2,107,639
CASH AT END OF YEAR CONSISTS OF:				
CASH AND CASH EQUIVALENTS	\$ 1,045,971	\$ 341,503	\$ 650,277	\$ 2,037,751
RESTRICTED CASH-CUSTOMER DEPOSITS	69,888	-	-	69,888
TOTAL CASH	\$ 1,115,859	\$ 341,503	\$ 650,277	\$ 2,107,639

CITY OF AUBURN, WASHINGTON
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

	AIRPORT	CEMETERY	COMMERCIAL RETAIL	TOTAL NON-MAJOR ENTERPRISE FUNDS
RECONCILIATION OF NET OPERATING INCOME TO NEW CASH PROVIDED BY OPERATING ACTIVITIES				
OPERATING INCOME (LOSS)	\$ 12,093	\$ (188,149)	\$ (42,238)	\$ (218,294)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
DEPRECIATION	224,392	66,648	42,238	333,278
INVENTORY	-	(2,940)	-	(2,940)
LIABILITY (INCREASES) DECREASES :				
ACCOUNTS & VOUCHERS PAYABLE	23,827	(24,246)	-	(418)
DEPOSITS PAYABLE	(9,369)	-	-	(9,369)
WAGES & BENEFITS PAYABLE	11	885	-	895
COMPENSATED ABSENCES PAYABLE	(87)	8,613	-	8,526
TOTAL ADJUSTMENTS	238,775	48,959	42,238	329,973
	-	-	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 250,868	\$ (139,190)	\$ -	\$ 111,678
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
CAPITAL ASSETS ACQUIRED BY CONTRIBUTED CAPITAL	\$ -	\$ -	\$ -	\$ -
INCREASE (DECREASE) IN FAIR VALUE OF INVESTMENT	-	-	-	-
TOTAL NON CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	\$ -	\$ -	\$ -	\$ -



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 three 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 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 STATEMENTS OF NET ASSETS
INTERNAL SERVICE FUNDS
 DECEMBER 31, 2009

	INSURANCE	FACILITIES	INFORMATION SERVICES	EQUIPMENT RENTAL	TOTAL
ASSETS:					
CURRENT ASSETS:					
CASH AND CASH EQUIVALENTS	\$ 2,234,469	\$ 364,681	\$ 4,206,834	\$ 5,320,053	\$ 12,126,037
CUSTOMER ACCOUNTS	-	6,510	-	-	6,510
DUE FROM OTHER GOVERNMENTAL UNITS	-	2,392	18,141	7,149	27,682
INVENTORIES	-	-	-	111,861	111,861
TOTAL CURRENT ASSETS	2,234,469	373,583	4,224,975	5,439,063	12,272,090
NONCURRENT ASSETS:					
CAPITAL ASSETS:					
BUILDINGS AND EQUIPMENT	-	-	3,349,750	11,660,899	15,010,649
IMPROVEMENTS OTHER THAN BUILDINGS	-	-	-	46,591	46,591
CONSTRUCTION IN PROGRESS	-	-	238,803	193,435	432,238
LESS: ACCUMULATED DEPRECIATION	-	-	(2,517,371)	(6,268,388)	(8,785,759)
TOTAL CAPITAL ASSETS (NET OF A/D)	-	-	1,071,182	5,632,537	6,703,719
TOTAL NONCURRENT ASSETS	-	-	1,071,182	5,632,537	6,703,719
TOTAL ASSETS	2,234,469	373,583	5,296,157	11,071,600	18,975,809
LIABILITIES:					
CURRENT LIABILITIES:					
CURRENT PAYABLES	-	125,344	325,718	147,134	598,196
CUSTOMER DEPOSITS	-	5,725	-	-	5,725
EMPLOYEE LEAVE BENEFITS-CURRENT	-	26,213	41,784	23,695	91,692
TOTAL CURRENT LIABILITIES	-	157,282	367,502	170,829	695,613
NONCURRENT LIABILITIES:					
EMPLOYEE LEAVE BENEFITS	-	8,664	13,810	7,832	30,306
TOTAL NONCURRENT LIABILITIES	-	8,664	13,810	7,832	30,306
TOTAL LIABILITIES	-	165,946	381,312	178,661	725,919
NET ASSETS:					
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	-	-	1,071,182	5,632,537	6,703,719
UNRESTRICTED	2,234,469	207,637	3,843,663	5,260,402	11,546,171
TOTAL NET ASSETS	\$ 2,234,469	\$ 207,637	\$ 4,914,845	\$ 10,892,939	\$ 18,249,890

CITY OF AUBURN, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2009

	INSURANCE	FACILITIES	INFORMATION SERVICES	EQUIPMENT RENTAL	TOTAL
OPERATING REVENUES:					
CHARGES FOR SERVICES	\$ -	\$ 2,178,933	\$ 4,629,788	\$ 2,999,193	\$ 9,807,914
OTHER OPERATING REVENUE	-	95,112	198,569	-	293,681
TOTAL OPERATING REVENUES	-	2,274,045	4,828,357	2,999,193	10,101,595
OPERATING EXPENSES:					
OPERATIONS & MAINTENANCE	-	2,070,298	3,318,801	1,192,036	6,581,135
ADMINISTRATION	258,128	-	103,596	747,889	1,109,613
DEPRECIATION/AMORTIZATION	-	-	498,973	1,034,255	1,533,228
TOTAL OPERATING EXPENSES	258,128	2,070,298	3,921,370	2,974,180	9,223,976
OPERATING INCOME (LOSS)	(258,128)	203,747	906,987	25,013	877,619
NON-OPERATING REVENUE (EXPENSE):					
INTEREST REVENUE	11,025	2,827	25,466	42,406	81,724
OTHER NON-OPERATING REVENUES	-	1,063	-	11,620	12,683
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	-	-	-	(12,790)	(12,790)
TOTAL NON-OPERATING REVENUE (EXPENSE)	11,025	3,890	25,466	41,236	81,617
INCOME (LOSS) BEFORE CONTRIBUTIONS	(247,103)	207,637	932,453	66,249	959,236
CAPITAL CONTRIBUTIONS	-	-	-	61,445	61,445
TRANSFERS IN (Note 5)	-	-	-	204,100	204,100
TRANSFERS OUT (Note 5)	-	-	(81,000)	(7,000)	(88,000)
CHANGE IN NET ASSETS	(247,103)	207,637	851,453	324,794	1,136,781
TOTAL NET ASSETS BEGINNING OF YEAR	2,481,572	-	4,063,392	10,568,145	17,113,109
TOTAL NET ASSETS END OF YEAR	\$ 2,234,469	\$ 207,637	\$ 4,914,845	\$ 10,892,939	\$ 18,249,890

CITY OF AUBURN, WASHINGTON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

Page 1 of 2

	INSURANCE	FACILITIES	INFORMATION SERVICES	EQUIPMENT RENTAL	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:					
CASH RECEIVED FROM USERS	\$ -	\$ 2,273,260	\$ 4,823,217	\$ 2,999,193	\$ 10,095,670
CASH PAID TO SUPPLIERS	(252,570)	(1,130,500)	(1,677,670)	(1,333,917)	(4,394,658)
CASH PAID FOR TAXES	(5,557)	-	-	-	(5,557)
CASH PAID FOR INVENTORY	-	-	-	32,084	32,084
CASH PAID TO EMPLOYEES	-	(781,969)	(1,864,621)	(601,765)	(3,248,355)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(258,128)	360,791	1,280,926	1,095,594	2,479,184
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
TRANSFERS IN	-	-	-	204,100	204,100
TRANSFERS OUT	-	-	(81,000)	(7,000)	(88,000)
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	-	-	(81,000)	197,100	116,100
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
PROCEEDS FROM SALE OF EQUIPMENT	-	-	-	30,406	30,406
PURCHASE OF CAPITAL ASSETS	-	-	(364,442)	(2,156,035)	(2,520,477)
CONTRIBUTED CAPITAL	-	-	-	3,300	3,300
PROCEEDS FROM OTHER GOVERNMENTS	-	-	-	4,779	4,779
PROCEEDS FROM INSURANCE SETTLEMENT	-	1,063	-	3,542	4,605
NET CASH PROVIDED (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	-	1,063	(364,442)	(2,114,008)	(2,477,386)
CASH FLOW FROM INVESTING ACTIVITIES:					
INTEREST RECEIVED	11,025	2,827	25,465	49,606	88,923
NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES	11,025	2,827	25,465	49,606	88,923
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(247,103)	364,681	860,950	(771,707)	206,821
CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR	2,481,572	-	3,345,884	6,091,761	11,919,217
CASH AND CASH EQUIVALENTS-END OF YEAR	\$ 2,234,469	\$ 364,681	\$ 4,206,834	\$ 5,320,053	\$ 12,126,037
CASH AT END OF YEAR CONSISTS OF:					
CASH AND CASH EQUIVALENTS	\$ 2,234,469	\$ 364,681	\$ 4,206,834	\$ 5,320,053	\$ 12,126,038
TOTAL CASH	\$ 2,234,469	\$ 364,681	\$ 4,206,834	\$ 5,320,053	\$ 12,126,038

CITY OF AUBURN, WASHINGTON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

	INSURANCE	FACILITIES	INFORMATION SERVICES	EQUIPMENT RENTAL	TOTAL
RECONCILIATION OF NET OPERATING INCOME TO NEW CASH PROVIDED BY OPERATING ACTIVITIES					
OPERATING INCOME (LOSS)	\$ (258,128)	\$ 203,747	\$ 906,987	\$ 25,013	\$ 877,619
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
DEPRECIATION	-	-	498,973	1,034,256	1,533,229
ASSET (INCREASES) DECREASES :					
ACCOUNTS RECEIVABLE	-	(8,902)	(5,141)	(7,149)	(21,192)
INVENTORY	-	-	-	32,084	32,084
LIABILITY (INCREASES) DECREASES :					
ACCOUNTS & VOUCHERS PAYABLE	-	85,667	(99,545)	3,438	(10,440)
WAGES & BENEFITS PAYABLE	-	39,677	(1,137)	4,933	43,473
DEPOSITS PAYABLE	-	5,725	-	-	5,725
COMPENSATED ABSENCES PAYABLE	-	34,877	(19,211)	3,021	18,687
TOTAL ADJUSTMENTS	-	157,044	373,939	1,070,582	1,601,565
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (258,128)	\$ 360,791	\$ 1,280,926	\$ 1,095,594	\$ 2,479,184
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
CAPITAL ASSETS ACQUIRED BY CONTRIBUTED CAPITAL	\$ -	\$ -	\$ -	\$ 61,445	\$ 61,445
TOTAL NON CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	\$ -	\$ -	\$ -	\$ 61,445	\$ 61,445



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, 2009

	BALANCE 1/1/2009	ADDITIONS	DEDUCTIONS	BALANCE 12/31/2009
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 1,566,226	\$ 3,710,390	\$ 3,596,776	\$ 1,679,840
OTHER CURRENT ASSETS	5,321	151,138	153,838	2,621
DUE FROM OTHER GOVERNMENTAL UNITS	2,613	-	2,613	-
TOTAL ASSETS	\$ 1,574,160	\$ 3,861,528	\$ 3,753,227	\$ 1,682,461
LIABILITIES:				
DUE TO OTHER GOVERNMENTAL UNITS	\$ 1,574,160	\$ 5,785,499	\$ 5,677,198	\$ 1,682,461
TOTAL LIABILITIES	\$ 1,574,160	\$ 5,785,499	\$ 5,677,198	\$ 1,682,461

City of Auburn
STATISTICAL SECTION

December 31, 2009

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.

Schedule 1	Net assets by component.....	144
Schedule 2	Changes in net assets.....	145
Schedule 3	Fund balances, government funds.....	146
Schedule 4	Changes in fund balances, government funds.....	147
Schedule 5	Tax revenues by source, government funds.....	148

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.

Schedule 6	Assessed value by type.....	149
Schedule 7	Property tax data.....	150
Schedule 8	Property tax levies and collections.....	152
Schedule 9	Principal taxpayers-property taxes.....	153
Schedule 10	Retail tax collections by sector.....	154

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.

Schedule 11	Ratios of outstanding debt by type.....	155
Schedule 12	Computation of legal debt margin.....	156
Schedule 13	Legal debt margin ratios.....	156
Schedule 14	Computation of net direct and estimated overlapping debt.....	157
Schedule 15	Ratio of net general bonded debt to assessed value.....	158
Schedule 16	Pledged revenue bond coverages.....	159

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.

Schedule 17	Population, income and housing trends.....	160
Schedule 18	Major employers.....	161

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.

Schedule 19	Staffing levels by department.....	162
Schedule 20	Operating indicators by department.....	163
Schedule 21	Capital indicators by department.....	164

CITY OF AUBURN, WASHINGTON
SCHEDULE 1
NET ASSETS BY COMPONENTS
LAST SEVEN FISCAL YEARS ⁽¹⁾
 (ACCRUAL BASIS OF ACCOUNTING)

	2003	2004	2005	2006	2007	2008	2009
Governmental activities:							
Invested in capital assets, net of related debt	\$ 167,057,262	\$ 171,921,373	\$ 194,121,232	\$ 200,814,063	\$ 212,611,232	\$ 303,564,348	\$ 314,691,982
Restricted	23,384,709	25,615,116	23,442,309	26,839,342	24,519,024	28,965,599	12,741,566
Unrestricted	29,547,005	28,490,736	24,095,336	24,148,157	26,774,107	25,955,501	43,754,879
Total governmental activities net assets	\$ 219,988,976	\$ 226,027,225	\$ 241,658,877	\$ 251,801,562	\$ 263,904,363	\$ 358,485,448	\$ 371,188,427
Business-type activities:							
Invested in capital assets, net of related debt	\$ 104,513,351	\$ 106,783,634	\$ 115,137,273	\$ 125,265,152	\$ 130,515,163	\$ 144,626,496	\$ 150,621,492
Restricted	1,919,515	1,969,809	2,238,611	6,987,485	1,227,395	933,914	2,071,219
Unrestricted	29,489,320	31,849,110	32,513,576	25,693,517	40,655,261	35,859,489	29,546,169
Total business-type activities net assets	\$ 135,922,186	\$ 140,602,553	\$ 149,889,460	\$ 157,946,154	\$ 172,397,819	\$ 181,419,899	\$ 182,238,880
Primary government:							
Invested in capital assets, net of related debt	\$ 271,570,613	\$ 278,705,007	\$ 309,258,505	\$ 326,079,215	\$ 343,126,395	\$ 448,190,844	\$ 465,313,474
Restricted	25,304,224	27,584,925	25,680,920	33,826,827	25,746,419	29,899,513	14,812,785
Unrestricted	59,036,325	60,339,846	56,608,912	49,841,674	67,429,368	61,814,990	73,301,048
Total primary government net assets	\$ 355,911,162	\$ 366,629,778	\$ 391,548,337	\$ 409,747,716	\$ 436,302,182	\$ 539,905,347	\$ 553,427,307

(1) Information available for 2003-2009 only due to new accounting and reporting standards beginning in 2003 with GASB Statement No. 34.

Source: City of Auburn, Finance Department

CITY OF AUBURN, WASHINGTON
SCHEDULE 3
FUND BALANCES, GOVERNMENTAL FUNDS
 LAST SEVEN FISCAL YEARS ⁽¹⁾
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2003	2004	2005	2006	2007	2008	2009
General Fund							
Unreserved	\$ 18,496,495	\$ 20,702,250	\$ 15,938,825	\$ 14,448,328	\$ 14,462,720	\$ 13,071,091	\$ 13,237,851
Total general fund	\$ 18,496,495	\$ 20,702,250	\$ 15,938,825	\$ 14,448,328	\$ 14,462,720	\$ 13,071,091	\$ 13,237,851
All other governmental funds							
Reserved	\$ 1,133,206	\$ 1,270,769	\$ 1,375,591	\$ 1,376,798	\$ 1,501,033	\$ 1,507,565	\$ 1,538,038
Unreserved, reported in:							
Special revenue funds	9,776,846	10,612,069	8,967,039	10,738,431	13,124,661	14,463,370	15,184,058
Capital projects funds	13,930,030	13,852,020	13,111,273	14,727,423	9,873,331	12,990,032	10,422,360
Permanent funds	233,800	222,020	232,832	188,524	170,983	144,396	153,503
Total all other governmental funds	\$ 25,073,882	\$ 25,956,878	\$ 23,686,735	\$ 27,031,176	\$ 24,670,008	\$ 29,105,363	\$ 27,297,959

(1) Information available for 2003-2009 only due to new accounting and reporting standards beginning 2003 with GASB Statement No. 34.

Source: City of Auburn, Finance Department

CITY OF AUBURN, WASHINGTON
SCHEDULE 4
CHANGES IN FUND BALANCES, GOVERNMENT FUNDS
LAST SEVEN FISCAL YEARS ⁽¹⁾
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2003	2004	2005	2006	2007	2008	2009
Revenues							
Taxes	\$ 35,734,592	\$ 38,258,799	\$ 41,467,853	\$ 44,867,161	\$ 46,721,851	\$ 43,781,530	\$ 42,514,006
Licenses and permits	1,255,582	2,248,576	2,227,983	1,883,320	1,806,950	1,110,722	1,326,875
Intergovernmental	6,756,872	4,897,501	6,826,222	8,831,240	5,766,484	8,368,888	9,816,067
Charges for services	2,924,962	3,393,178	3,939,610	3,659,773	5,017,224	3,784,544	3,473,199
Fines and forfeits	836,244	845,721	777,241	1,054,201	2,155,120	2,059,771	1,911,034
Special assessments	177,588	127,976	153,827	75,574	52,291	57,402	107,597
Investment earnings	300,213	336,442	1,175,258	1,477,368	2,456,291	1,363,375	484,696
Miscellaneous	1,102,089	2,452,468	1,247,252	1,865,079	877,473	1,296,349	1,142,428
Total revenues	49,087,942	52,360,661	57,815,026	61,513,716	64,653,484	61,823,581	60,575,902
Expenditures							
General government	5,737,882	5,472,630	5,308,663	6,062,037	6,834,084	7,719,205	7,864,410
Public safety	22,658,127	25,870,873	27,169,657	29,148,278	33,568,753	26,023,912	25,762,116
Transportation	4,327,863	5,152,344	10,337,587	9,403,147	7,385,929	8,910,967	9,850,579
Physical environment	1,911,816	2,304,248	2,191,796	2,435,201	3,352,466	3,490,636	3,192,089
Economic environment	1,316,782	2,796,902	1,877,675	1,928,978	2,142,282	2,530,827	3,028,684
Health and human services	639,678	597,423	602,726	763,156	416,456	776,224	527,029
Culture and recreation	4,453,173	4,806,217	4,815,643	5,016,554	6,571,275	6,296,743	6,622,546
Capital outlay ⁽²⁾	3,357,827	12,100,966	507,484	3,822,895	7,346,316	4,778,334	30,338,508
Debt service:							
Principal	1,162,465	1,018,355	10,582,246	420,831	435,093	456,655	479,661
Interest / other	333,439	248,005	315,960	247,551	203,266	264,997	296,241
Total expenditures	46,898,652	60,367,863	63,709,437	59,248,428	68,255,920	61,248,500	87,961,863
Excess of revenues over (under) expenditures	3,189,090	(8,007,302)	(5,894,411)	2,265,288	(3,602,436)	575,081	(27,385,961)
Other financing sources (uses)							
Transfers in	5,458,804	3,946,424	9,753,294	8,873,200	6,103,144	7,386,082	6,994,306
Transfers out	(6,561,204)	(3,319,424)	(11,703,804)	(9,554,816)	(5,542,988)	(7,993,842)	(6,997,801)
Capital leases	-	10,350,000	-	-	895,504	17,728	24,549,186
Insurance Recoveries	-	-	-	-	-	-	114,607
Issuance of long-term debt	-	-	-	142,313	-	360,000	957,278
Sales of capital assets	26,830	119,053	811,353	127,859	-	2,698,677	127,741
Total other financing sources (uses)	(1,075,470)	11,096,053	(1,139,157)	(411,344)	1,255,660	2,468,845	25,745,317
Net change in fund balances	\$ 2,113,620	\$ 3,088,751	\$ (7,033,568)	\$ 1,853,944	\$ (2,346,776)	\$ 3,043,726	\$ (1,640,644)
Debt service as a percentage of noncapital expenditures	3.52%	2.62%	17.24%	1.21%	1.05%	1.28%	1.35%

(1) Information available for 2003-2009 only due to new accounting and reporting standards beginning 2003 with GASB Statement No. 34.

(2) Capital outlay of \$4,778,334 for 2009 is for Governmental Funds only. Proprietary Funds capital outlay was \$5,518,270 for total capital outlay of \$10,296,604 as reported on the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental 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**

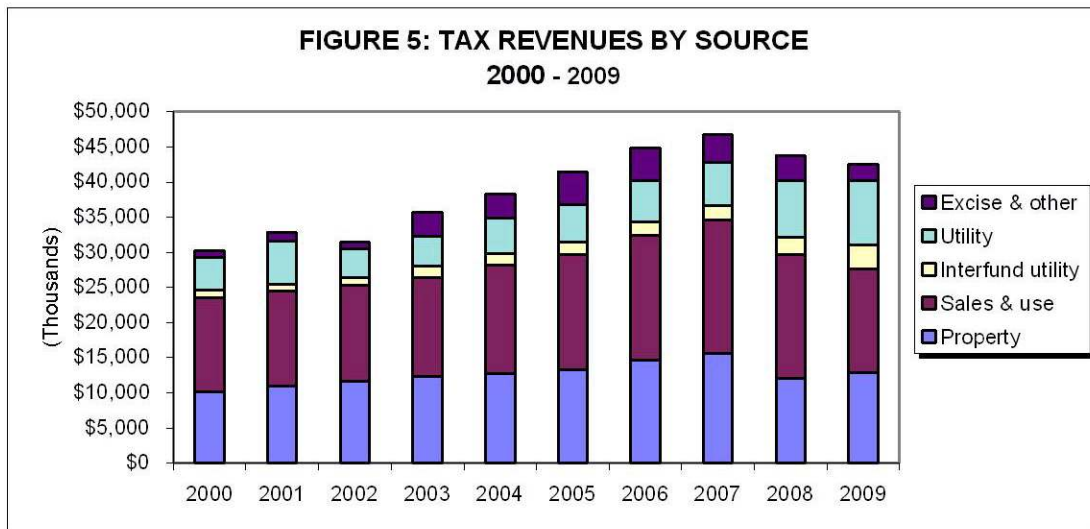
Fiscal Year	Property	Sales & Use	Interfund Utility	Utility	Excise	Other	Total
2000	10,209,181	13,376,907	972,327	4,704,155	850,570	78,265	30,191,405
2001	11,016,263	13,467,184	1,016,366	6,143,060	1,172,417	44,660	32,859,950
2002	11,673,939	13,568,518	1,078,845	4,193,983	829,537	52,839	31,397,661
2003	12,396,502	13,970,383	1,696,389	4,225,725	3,401,498	44,095	35,734,592
2004	12,680,361	15,429,527	1,714,102	5,012,010	3,384,515	38,284	38,258,799
2005	13,319,740	16,333,169	1,792,136	5,349,713	4,633,037	40,058	41,467,853
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

Change

2000-2009	26.5%	10.1%	253.5%	92.8%	171.6%	-32.9%	40.8%
-----------	-------	-------	--------	-------	--------	--------	-------

Fiscal years 2000-2002 include tax revenues collected in the general and special revenue funds.
Fiscal years 2003-2009 include all governmental funds.

Source: City of Auburn, Finance Department

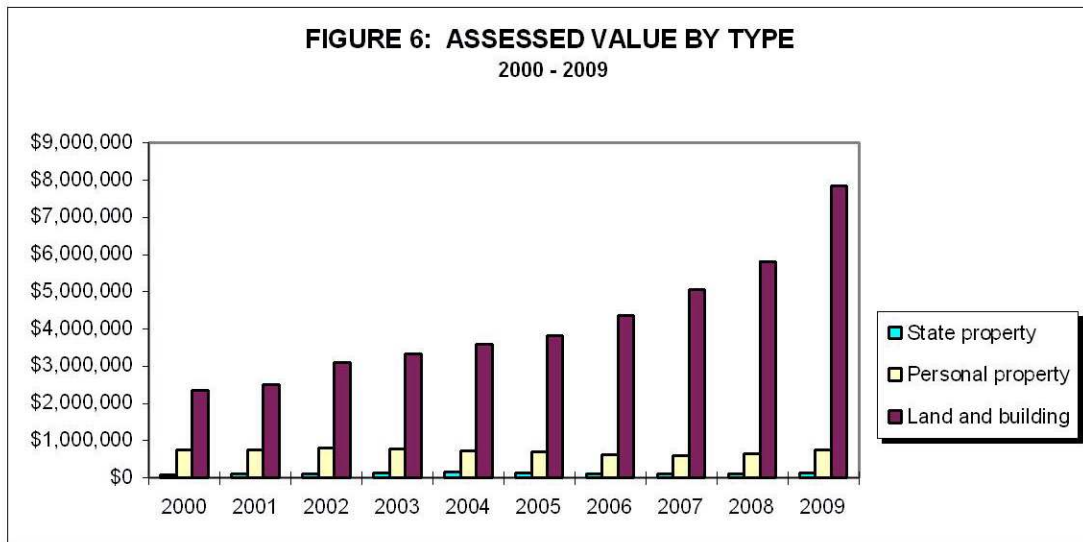


CITY OF AUBURN, WASHINGTON
SCHEDULE 6
ASSESSED VALUE BY TYPE
 LAST TEN FISCAL YEARS
 (AMOUNTS EXPRESSED IN THOUSANDS)

Fiscal Year	State Property and Other	Personal Property	Land and Building	Total Assessed Value	Total Direct Rate
2000	82,105	746,579	2,345,551	3,174,235	3.00
2001	104,117	751,709	2,510,519	3,366,345	2.99
2002	115,189	800,159	3,104,524	4,019,872	2.93
2003	140,531	787,022	3,344,271	4,271,824	2.93
2004	150,458	742,255	3,599,466	4,492,179	2.87
2005	137,611	704,061	3,834,629	4,676,301	2.88
2006	116,895	623,298	4,359,276	5,099,469	2.87
2007	101,419	607,875	5,055,734	5,765,028	2.73
2008	112,101	640,004	5,804,585	6,556,690	1.48
2009	121,918	764,857	7,837,089	8,723,864 (*)	1.49

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

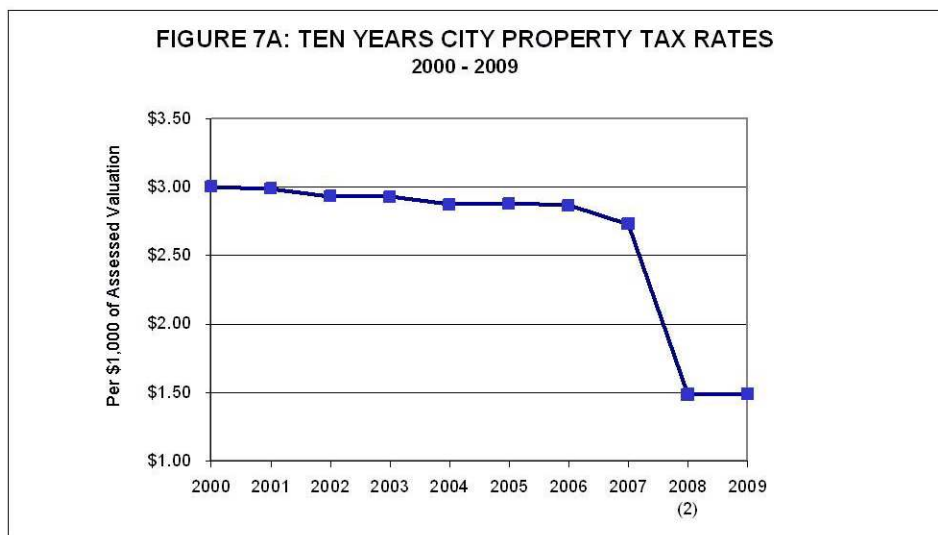


CITY OF AUBURN, WASHINGTON
SCHEDULE 7
PROPERTY TAX DATA
 LAST TEN FISCAL YEARS

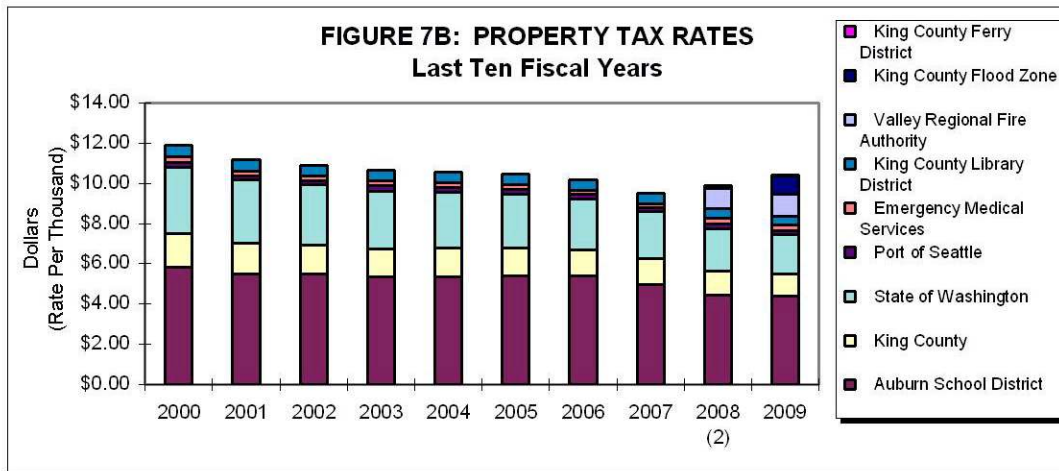
Item	2000	2001	2002	2003
Assessed and estimated actual values ⁽¹⁾				
Estimated and actual value (in thousands)	\$ 3,174,235	\$ 3,366,345	\$ 4,019,872	\$ 4,271,824
Assessed value (in thousands)	\$ 3,174,235	\$ 3,366,345	\$ 4,019,872	\$ 4,271,824
Ratio of assessed to actual	100%	100%	100%	100%
Property tax rates ⁽¹⁾				
Direct regular and special				
General fund	\$ 3.00157	\$ 2.98932	\$ 2.93353	\$ 2.92857
Debt service funds	-	-	-	-
Subtotal	\$ 3.00157	\$ 2.98932	\$ 2.93353	\$ 2.92857
Overlapping regular and special ⁽¹⁾				
Auburn School District	\$ 5.80795	\$ 5.47999	\$ 5.47810	\$ 5.35720
King County	1.68951	1.55218	1.44949	1.34948
State of Washington	3.30278	3.14502	2.98946	2.89680
Port of Seattle	0.21585	0.19029	0.18956	0.25895
Emergency Medical Services	0.27299	0.24624	0.25000	0.24143
King County Library District	0.58651	0.55737	0.52581	0.54568
Valley Regional Fire Authority	-	-	-	-
King County Flood Zone	-	-	-	-
King County Ferry District	-	-	-	-
Subtotal	11.87559	11.17109	10.88242	10.64954
Total direct and overlapping	\$ 14.87716	\$ 14.16041	\$ 13.81595	\$ 13.57811

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 decrease in property tax levy to \$1.48 is due to the incorporation of the new Valley Regional Fire Authority effective 1/1/07. The VRFA will assess its own property tax levy in 2008, partially offsetting what was previously levied by the City.



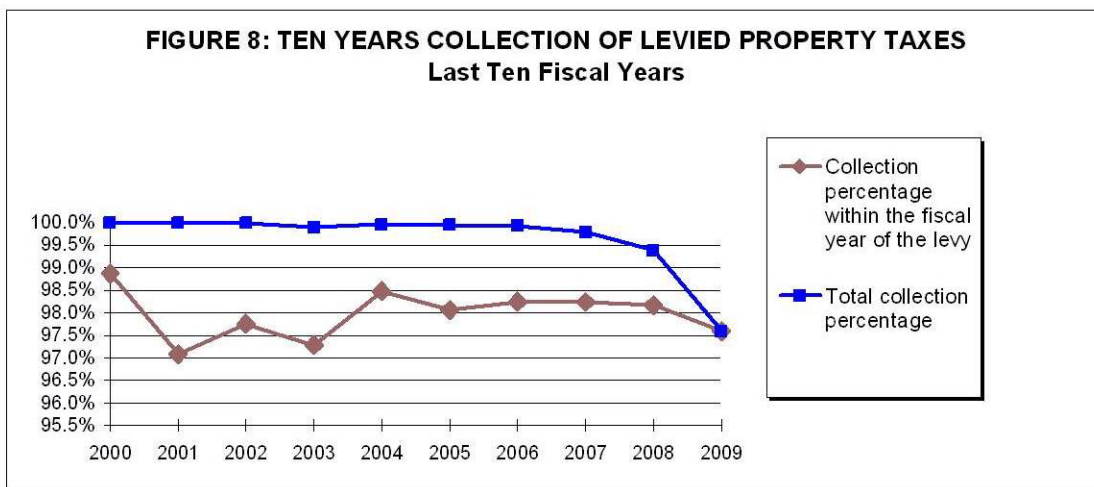
2004	2005	2006	2007	2008 ⁽²⁾	2009
\$ 4,492,179	\$ 4,676,301	\$ 5,099,469	\$ 5,765,028	\$ 6,556,690	\$ 8,723,864
\$ 4,492,179	\$ 4,676,301	\$ 5,099,469	\$ 5,765,028	\$ 6,556,690	\$ 8,723,864
100%	100%	100%	100%	100%	100%
\$ 2.87319	\$ 2.88000	\$ 2.86520	\$ 2.73076	\$ 1.48385	\$ 1.48678
-	-	-	-	-	-
\$ 2.87319	\$ 2.88000	\$ 2.86520	\$ 2.73076	\$ 1.48385	\$ 1.48678
\$ 5.34914	\$ 5.37195	\$ 5.37383	\$ 4.94903	\$ 4.40970	\$ 4.37709
1.43146	1.38229	1.32869	1.28956	1.20770	1.09772
2.75678	2.68951	2.49787	2.32535	2.13233	1.96268
0.25402	0.25321	0.23330	0.23158	0.22359	0.19700
0.23717	0.23182	0.21982	0.20621	0.30000	0.27404
0.53653	0.53255	0.53424	0.50027	0.45336	0.41736
-	-	-	-	1.00000	1.10995
-	-	-	-	0.10000	0.91230
-	-	-	-	0.05500	0.05018
10.56510	10.46133	10.18775	9.50200	9.88168	10.39832
\$ 13.43829	\$ 13.34133	\$ 13.05295	\$ 12.23276	\$ 11.36553	\$ 11.88510



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	
King County:							
2000	\$10,105,107	\$10,022,441	99.2%	\$82,666	\$10,105,107	100.0%	\$0
2001	11,134,267	10,814,089	97.1%	319,335	11,133,424	100.0%	843
2002	11,518,383	11,261,600	97.8%	256,107	11,517,707	100.0%	676
2003	12,094,516	11,765,654	97.3%	315,761	12,081,415	99.9%	13,101
2004	12,212,162	12,031,253	98.5%	176,081	12,207,334	100.0%	4,828
2005	12,639,356	12,393,241	98.1%	239,603	12,632,844	99.9%	6,512
2006	13,400,344	13,164,248	98.2%	227,230	13,391,478	99.9%	8,866
2007	13,846,688	13,605,301	98.3%	210,145	13,815,446	99.8%	31,242
2008	9,554,865	9,406,398	98.4%	93,609	9,500,007	99.4%	54,858
2009	11,660,279	11,390,684	97.7%	-	11,390,684	97.7%	269,595
							<u>\$390,521</u>
Pierce County:							
2000	\$60,601	\$59,086	97.5%	\$1,515	\$60,601	100.0%	\$0
2001	114,323	105,707	92.5%	8,616	114,323	100.0%	-
2002	267,001	258,385	96.8%	8,616	267,001	100.0%	-
2003	435,886	423,834	97.2%	12,052	435,886	100.0%	-
2004	579,828	566,356	97.7%	13,472	579,828	100.0%	-
2005	783,135	769,223	98.2%	13,912	783,135	100.0%	-
2006	1,242,039	1,220,642	98.3%	20,126	1,240,768	99.9%	1,271
2007	1,851,622	1,816,706	98.1%	32,849	1,849,555	99.9%	2,067
2008	1,226,883	1,177,665	96.0%	37,594	1,215,259	99.1%	11,624
2009	1,265,103	1,223,668	96.7%	-	1,223,668	96.7%	41,435
							<u>\$ 56,397</u>
							<u>Total current levy balance</u>
							<u>\$446,919</u>

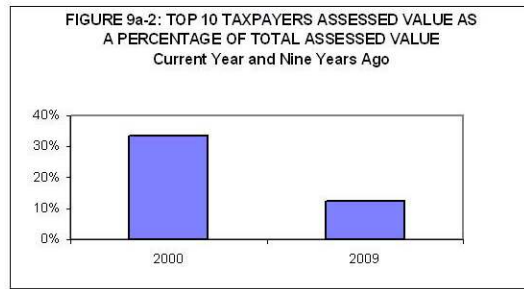
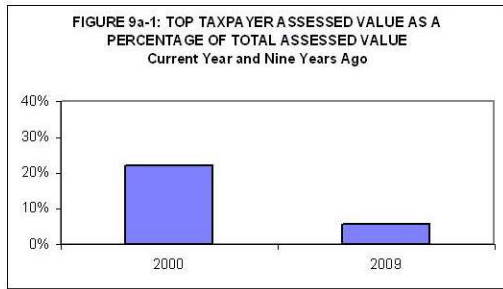
Source: King County Finance and Business Operations Division
 Pierce County Budget and Finance Department



**CITY OF AUBURN, WASHINGTON
SCHEDULE 9a
PRINCIPAL TAXPAYERS-PROPERTY TAXES
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2009			2000		
	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Boeing Company	\$ 491,218,466	1	5.63%	\$ 701,571,254	1	22.10%
Glimcher Realty Trust (Supemall)	119,546,742	2	1.37%	131,764,000	2	4.15%
Safeway	106,729,941	3	1.22%	-	-	-
EPropertyTax Inc.	73,718,900	4	0.85%	-	-	-
Universal Health	59,912,292	5	0.69%	26,936,555	6	0.85%
Puget Sound Energy	59,115,114	6	0.68%	49,114,535	3	1.55%
Belara Communities LLC	51,114,300	7	0.59%	-	-	-
Muckleshoot Indian Tribe	50,197,600	8	0.58%	-	-	-
UPS Supply Chain Solutions	36,083,797	9	0.41%	-	-	-
Wal-Mart Store	25,257,711	10	0.29%	-	-	-
La Terra Limited Partnership	-	-	-	44,379,800	4	1.40%
Quadrant Corporation	-	-	-	32,853,900	5	1.04%
Fritz Companies	-	-	-	25,519,209	7	0.80%
U.S. West Communications	-	-	-	24,562,959	8	0.77%
Roundup Co. (Fred Meyer)	-	-	-	12,449,446	9	0.39%
West Valley 29 Partners	-	-	-	11,856,200	10	0.37%
TOTALS	\$ 1,072,894,863		12.30%	\$ 1,061,007,858		33.43%

Source: King County and Pierce County Departments of Assessments
 Total assessed value for 2009 is \$8,723,864,000
 Total assessed value for 2000 is \$3,174,235,000



**CITY OF AUBURN, WASHINGTON
SCHEDULE 9b
PRINCIPAL TAXPAYERS-SALES TAXES
CURRENT YEAR AND NINE YEARS AGO**

Sales Tax Received	2009			Percentage of Total City Sales Taxes Received	2000			Percentage of Total City Sales Taxes Received
	Sector (1)	Rank	Received		Sales Tax Received	Sector (1)	Rank	
\$ 313,722	Automotive	1	2.6%					
309,568	Distribution	2	2.6%					
243,202	Automotive	3	2.0%					
229,605	General retail	4	1.9%					
224,637	Automotive	5	1.9%					
220,993	General retail	6	1.9%					
189,806	General retail	7	1.6%					
180,350	Automotive	8	1.5%					
179,370	General retail	9	1.5%					
174,129	Automotive	10	1.5%					
\$ 2,265,382			19.0%					

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)**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
RETAIL TRADE SECTOR										
Automotive/gas	\$ 2,755	\$ 2,607	\$ 2,827	\$ 2,862	\$ 2,893	\$ 3,326	\$ 3,428	\$ 3,643	\$ 3,255	\$ 2,559
Furniture	336	306	276	318	438	218	263	268	241	220
Electronics & appliances	-	-	-	-	-	451	288	262	242	132
Building materials	202	314	371	412	479	488	594	615	521	358
Food stores	542	538	526	401	395	358	346	378	360	352
Health & personal care	-	-	-	-	-	120	130	143	152	150
Apparel	600	624	646	649	765	836	874	899	873	781
General merchandise	373	468	646	909	990	970	941	974	872	833
Food/Drink	542	566	560	596	651	-	-	-	-	-
Misc retail trade	1,205	1,228	1,017	864	905	724	939	1,334	1,234	755
	\$ 6,555	\$ 6,651	\$ 6,869	\$ 7,011	\$ 7,515	\$ 7,491	\$ 7,803	\$ 8,516	\$ 7,750	\$ 6,140
SERVICE SECTOR										
Information	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 506	\$ 507	\$ 531	\$ 489	\$ 457
Finance & insurance	-	-	-	-	-	86	84	85	85	83
Real estate, rental, leasaing	-	-	-	-	-	294	311	390	394	304
Professional, scientific, technical	-	-	-	-	-	119	116	162	146	200
Administrative, supply & remediation Services	-	-	-	-	-	197	195	301	261	261
Educational	-	-	-	-	-	81	81	87	91	42
Healthcare & social services	-	-	-	-	-	45	33	88	98	61
Arts & entertainment	-	-	-	-	-	104	126	172	171	147
Accommodation & food service	-	-	-	-	-	764	833	870	915	827
Other services	-	-	-	-	-	477	492	502	457	485
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,673	\$ 2,779	\$ 3,128	\$ 3,107	\$ 2,867
OTHER SECTORS:										
Services *	\$ 1,248	\$ 1,162	\$ 1,154	\$ 1,182	\$ 1,152	\$ -	\$ -	\$ -	\$ -	\$ -
Construction	1,374	1,472	1,448	1,514	2,402	2,008	2,453	2,240	1,647	1,368
Manufacturing	288	368	607	882	793	414	486	625	643	393
Transportation	433	459	426	400	401	31	26	22	76	31
Wholesaling	2,166	2,184	1,676	1,674	1,795	2,313	2,571	2,943	2,306	1,073
Banking	70	89	110	98	127	-	-	-	-	-
Other business	94	102	126	121	108	73	72	143	72	47
Subtotal - other sectors	\$ 5,673	\$ 5,836	\$ 5,547	\$ 5,871	\$ 6,779	\$ 4,839	\$ 5,607	\$ 5,973	\$ 4,744	\$ 2,902
GRAND TOTAL	\$ 12,228	\$ 12,487	\$ 12,416	\$ 12,882	\$ 14,294	\$ 15,003	\$ 16,189	\$ 17,617	\$ 15,601	\$ 11,909

OVERLAPPING SALES TAX RATES

Basic sales tax rates

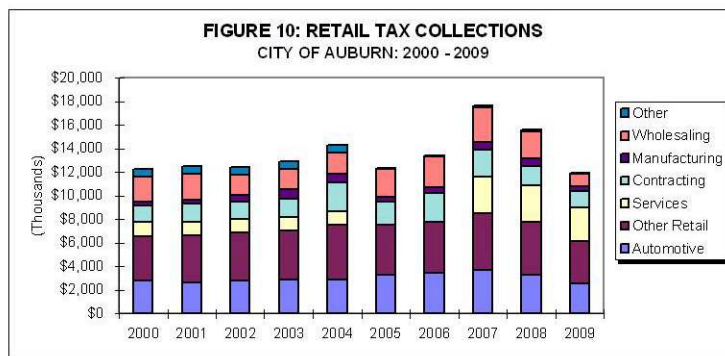
City of Auburn	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%
Washington State	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
King County	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.26%	0.36%	0.36%
Regional Transit Authority	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.90%
Metro	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%
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	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.90%	9.00%	9.50%

Special sales tax rates

Restaurants-for stadium funding	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Motor vehicles-for multimodal transportation	0.00%	0.00%	0.00%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%

(1) Starting in March of 2005, the State of Washington switched from classifying retail sales using the Standard Industrial Classification (SIC) code to the North American Industry Classification System (NAICS). As a result, specific trend comparisons of 2005 results to prior year may not be meaningful.

Source: City of Auburn Finance department and State of Washington

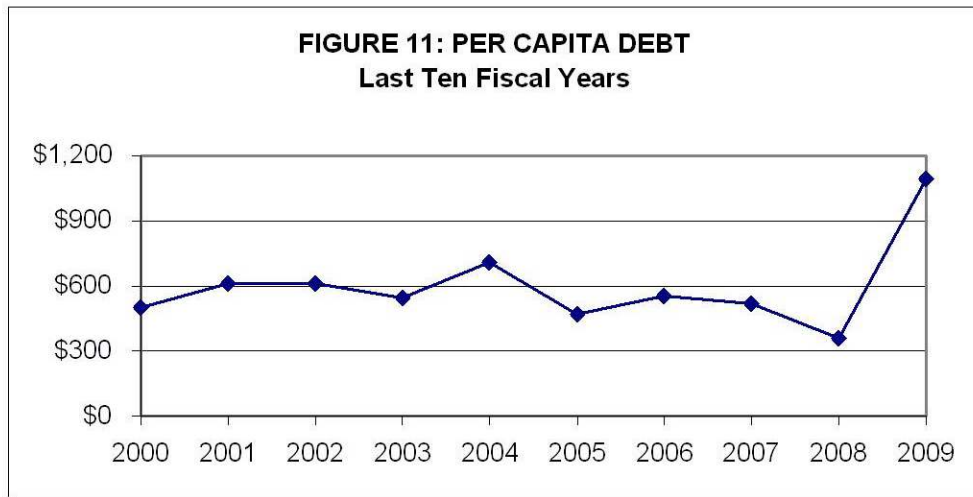


**CITY OF AUBURN, WASHINGTON
 SCHEDULE 11
 RATIO OF OUTSTANDING DEBT BY TYPE
 LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita
	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Revenue Bonds	Public Works Trust Fund Loans			
2000	\$7,956,600	\$1,013,904	\$0	\$11,990,000	\$0	\$20,960,504	3.05%	\$498.53
2001	7,700,000	738,904	-	11,110,000	7,367,157	26,916,061	3.85%	611.94
2002	7,402,000	548,904	1,367,108	10,190,000	7,826,039	27,334,051	3.84%	611.71
2003	7,088,000	347,904	689,643	9,230,000	7,428,695	24,784,242	3.27%	546.45
2004	6,754,000	228,354	10,322,787	8,220,000	7,066,042	32,591,183	4.16%	706.43
2005	6,478,000	132,354	-	7,020,000	8,679,509	22,309,863	2.68%	469.98
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

Source: City of Auburn, Finance Department

(1) Personal income data provided by Hebert Research for 2000, 2004 and 2005 only; other years are city estimates



CITY OF AUBURN, WASHINGTON
SCHEDULE 12
COMPUTATION OF LEGAL DEBT MARGIN
AS OF DECEMBER 31, 2009

	General Capacity		Special Purpose Capacity		Total Capacity
	Councilmanic	Excess Levy	Parks and Open Spaces	Utility Purpose	
December 31, 2009 - Total Assessed Value:					
	7,702,255,337				
2.5% of assessed value	\$ -	\$ 192,556,383	\$ 192,556,383	\$ 192,556,383	\$ 577,669,150
1.5% of assessed value	115,533,830	(115,533,830)	-	-	-
Statutory debt limit	115,533,830	77,022,553	192,556,383	192,556,383	577,669,150
Debt outstanding	62,671,433	-	-	-	62,671,433
Less redemption fund assets:					
Available to pay principal	3,777,515	-	-	-	3,777,515
Plus liabilities:					
Payables	1,725,933	-	-	-	1,725,933
Vacation/sick leave	2,013,836	-	-	-	2,013,836
Net debt outstanding	62,633,687	-	-	-	62,633,687
Remaining debt capacity	\$ 52,900,143	\$ 77,022,553	\$ 192,556,383	\$ 192,556,383	\$ 515,035,463

CITY OF AUBURN, WASHINGTON
SCHEDULE 13
LEGAL DEBT MARGIN RATIOS
LAST TEN FISCAL YEARS
(EXPRESSED IN THOUSANDS)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Limit	\$ 252,476	\$ 252,476	\$ 294,669	\$ 336,913	\$ 350,782	\$ 350,782	\$ 432,377	\$ 489,472	\$ 653,979	\$ 577,669
Total net debt applicable to limit	4,866	(4,871)	(1,610)	3,576	17,055	17,055	11,352	10,757	10,771	62,671
Legal debt margin	\$ 247,610	\$ 257,347	\$ 296,279	\$ 333,337	\$ 333,727	\$ 333,727	\$ 421,025	\$ 478,715	\$ 643,208	\$ 514,998
Total net debt applicable to the limit as a percentage of debt limit	1.93%	-1.93%	-0.55%	1.06%	4.86%	4.86%	2.63%	2.20%	1.65%	10.85%

CITY OF AUBURN, WASHINGTON
SCHEDULE 14
COMPUTATION OF NET DIRECT AND ESTIMATED OVERLAPPING DEBT
AS OF DECEMBER 31, 2009

	Net Debt Outstanding	Percent Applicable ⁽³⁾	Bonded Amount Applicable
Net direct debt:			
Net direct debt - City of Auburn ⁽¹⁾			\$ 36,160,850
Estimated net overlapping debt: ⁽²⁾			
King County	\$ 1,018,882,000	2.04%	\$ 20,785,193
Port of Seattle	357,315,000	2.04%	7,289,226
School District No. 210	168,956,697	2.43%	4,105,648
School District No. 408	96,765,000	76.33%	73,860,725
School District No. 415	233,137,702	2.11%	4,919,206
Rural Library District	129,221,246	3.34%	4,315,990
Valley Regional Fire Authority	19,370,000	89.21%	17,279,977
Pierce County	141,471,648	0.92%	1,301,539
Total estimated net overlapping debt			133,857,502
Total direct and overlapping debt			\$ 170,018,352

Sources:

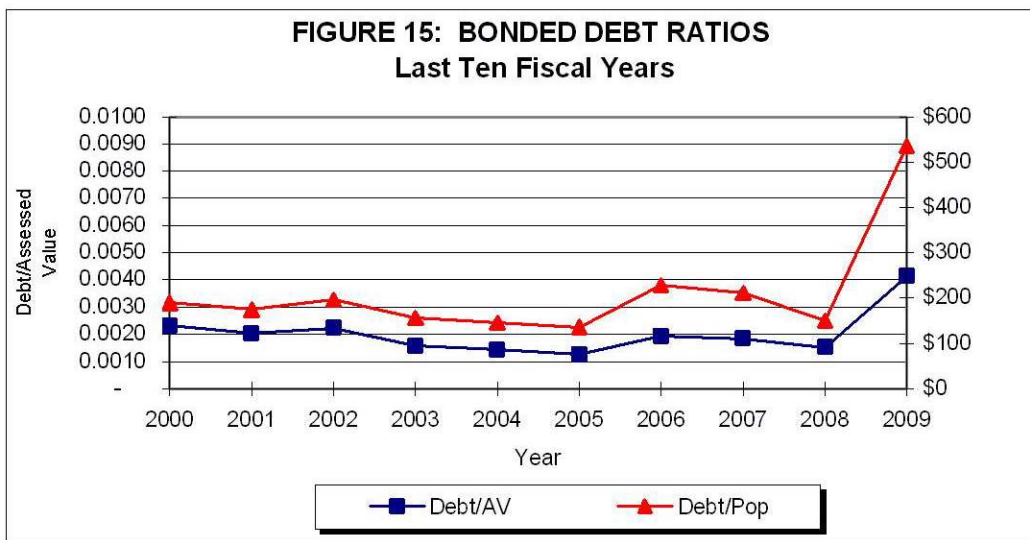
- (1) City of Auburn finance department; includes both bonded and non bonded general long-term debt
(2) Overlapping governments
(3) King County Assessors office, except for Pierce Co.

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 ⁽¹⁾ (Thousands)	Gross Bonded Debt ⁽²⁾	Debt Service Amount ⁽³⁾ Available	Net Bonded Debt (Thousands)	Ratio of Net Bonded Debt to Assessed Value	Gross Bonded Debt per Capita
2000	42,045	\$3,392,920	\$7,956,600	\$56,752	\$7,900	0.23%	\$189
2001	43,985	3,752,065	7,700,000	63,660	7,636	0.20%	175
2002	44,685	3,928,917	8,769,108	5,043	8,764	0.22%	196
2003	45,546	4,492,179	7,088,000	5,278	7,083	0.16%	156
2004	46,135	4,677,093	6,754,000	7,248	6,747	0.14%	146
2005	47,470	5,099,469	6,478,000	14,256	6,464	0.13%	136
2006	48,955	5,765,028	11,210,000	25,372	11,185	0.19%	229
2007	50,470	5,765,028	10,650,000	35,810	10,614	0.18%	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

Notes:

- (1) From Schedule 6
- (2) Amount does not include special assessment and revenue bond debt.
- (3) Fund balance from debt service fund.



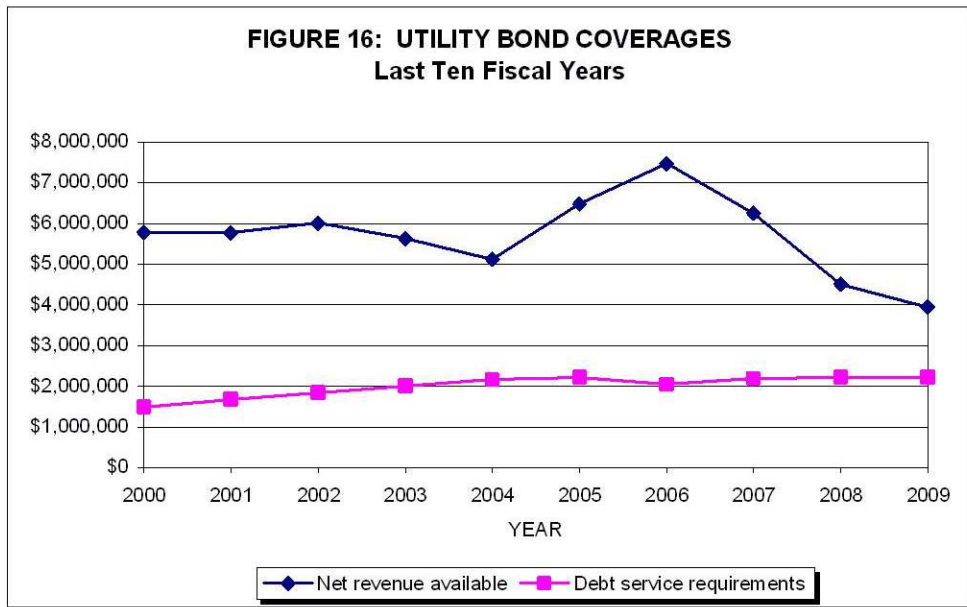
**CITY OF AUBURN, WASHINGTON
SCHEDULE 16
PLEGGED REVENUE BOND COVERAGES
LAST TEN FISCAL YEARS**

Year	Gross ⁽¹⁾ Revenue	Direct ⁽²⁾ Operating Expense	Net Revenue Available	Debt Service Requirements			Times Coverage
				Principal	Interest	Total	
2000	17,749,951	11,961,126	5,788,825	880,000	614,245	1,494,245	3.87
2001	18,638,847	12,866,310	5,772,537	1,102,368	579,260	1,681,628	3.43
2002	19,928,128	13,917,916	6,010,212	1,142,368	707,581	1,849,949	3.25
2003	21,243,060	15,611,753	5,631,307	1,407,343	603,357	2,010,700	2.80
2004	21,958,359	16,834,837	5,123,522	1,633,533	539,754	2,173,287	2.36
2005	24,562,487	18,078,747	6,483,740	1,800,568	417,834	2,218,402	2.92
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

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.

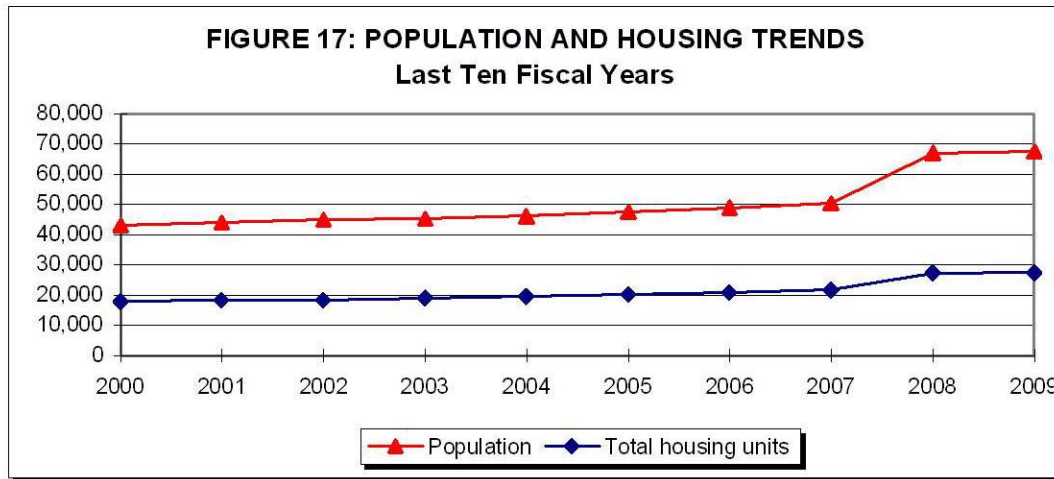


**CITY OF AUBURN, WASHINGTON
SCHEDULE 17
POPULATION, INCOME AND HOUSING TRENDS
LAST TEN FISCAL YEARS**

Item	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
School enrollment ⁽¹⁾	13,079	13,222	13,504	13,461	13,838	13,760	14,367	14,559	14,716	14,589
Rate of unemployment ⁽²⁾	4.0%	5.1%	6.1%	6.2%	5.1%	4.6%	4.1%	3.7%	4.2%	8.1%
Population ⁽³⁾	43,047	43,985	45,010	45,355	46,135	47,470	48,955	50,470	67,005	67,485
Personal income (thousands of dollars) ⁽⁴⁾	\$913,500	\$974,196	\$1,040,462	\$1,094,254	\$1,161,714	\$1,247,566	\$1,342,818	\$1,444,871	\$2,024,087	\$1,989,661
Per capita personal income ⁽⁴⁾	\$21,221	\$22,148	\$23,116	\$24,126	\$25,181	\$26,281	\$27,430	\$28,628	\$30,208	\$29,483
Housing units ⁽⁵⁾										
One unit	8,125	8,247	8,671	8,745	8,990	9,105	9,402	9,625	14,186	14,235
Two or more	7,520	7,667	7,452	7,790	8,078	8,655	8,943	9,623	10,375	10,391
Mobile home or special	2,212	2,302	2,144	2,474	2,421	2,346	2,407	2,382	2,761	2,782
Total housing units	17,857	18,216	18,267	19,009	19,489	20,106	20,752	21,630	27,322	27,408

Sources:

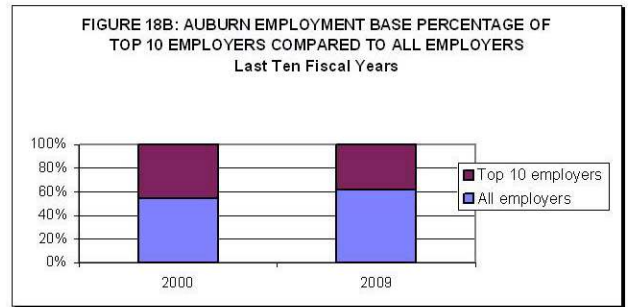
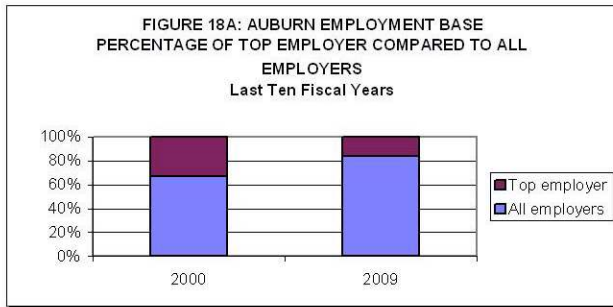
- (1) Auburn School District No. 408
- (2) WA State Employment Security Department - average King County rate
- (3) WA State Office of Financial Management
- (4) City estimates - Washington Economic Forecast Summary
- (5) Office of Financial Management



**CITY OF AUBURN, WASHINGTON
SCHEDULE 18
MAJOR EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	Product/service	2009			2000		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
The Boeing Company	Aerospace	5,179	1	19.6%	10,000	1	50.5%
Muckleshoot Tribal Enterprises	Gaming	2,500	2	9.5%	1,200	3	4.7%
Auburn School District	Education	1,800	3	6.8%	1,682	2	7.6%
Super Mall	Retail	1,700	4	6.4%			
Green River Community College	Education	1,067	5	4.0%	900	4	3.4%
Auburn Regional Medical Center	Hospital	805	6	3.0%	500	7	2.8%
Emerald Downs Racetrack	Horse racing	678	7	2.6%	600	5	3.4%
Safeway	Grocery Retail/Distribution	650	8	2.5%			
Social Security Administration	Gov't / public offices	600	9	2.3%	536	6	3.0%
Zones, Inc.	Technology reseller	500	10	1.9%			
Federal Aviation Administration	Federal government	500	10	1.9%	500	7	2.8%
General Services Administration	Federal government	500	10	1.9%	325	9	2.0%
City of Auburn	City government				414	8	2.6%
Fred Meyer	Retail				289	10	1.7%
TOTALS		16,479		62.4%	16,946		84.5%

Sources: WA Employment Security Department
City of Auburn Economic Development Department

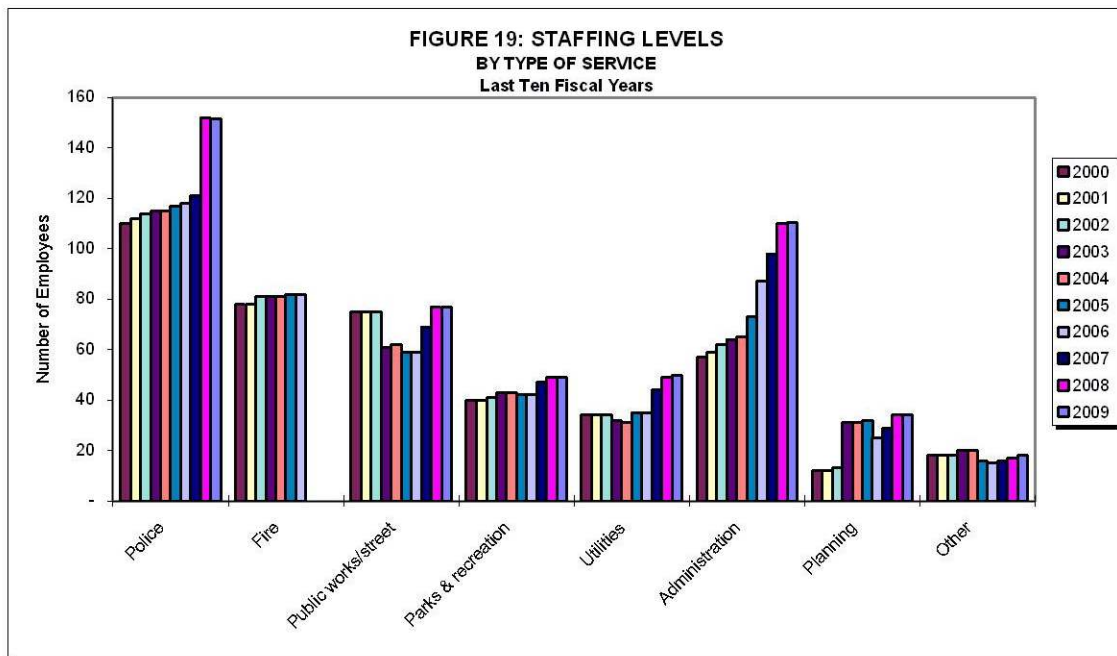


**CITY OF AUBURN, WASHINGTON
SCHEDULE 19
STAFFING LEVELS BY DEPARTMENT
LAST TEN FISCAL YEARS**

Department	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Mayor	3	3	3	4	4	8	10	11	12	12
Human resources	6	6	7	7	7	7	15	17	18	9
Finance	25	26	27	28	28	21	23	24	25	25
Municipal court	10	11	12	12	13	14	15	17	21	21
Legal	13	13	13	13	13	13	13	14	16	16
Planning	12	12	13	31	31	32	25	29	34	34
Police	110	112	114	115	115	117	118	121	152	152
Fire (1)	78	78	81	81	81	82	82	-	-	-
Public works	62	62	62	48	49	48	48	54	63	63
Parks & recreation	34	34	35	37	37	36	36	38	40	40
Street	13	13	13	13	13	11	11	15	14	14
Water	14	14	14	16	16	16	16	19	20	20
Sewer	7	7	7	7	6	8	8	11	11	11
Storm utility	7	7	7	7	7	9	9	12	16	17
Solid waste	6	6	6	2	2	2	2	2	2	2
Airport	3	3	3	3	3	-	-	-	-	-
Cemetery	7	7	7	7	7	6	6	7	7	7
Golf course	6	6	6	6	6	6	6	9	9	9
Facilities (2)	-	-	-	-	-	-	-	-	-	10
Information services	-	-	-	-	-	10	11	15	18	18
Equipment Rental	8	8	8	10	10	10	9	9	10	11
TOTAL	424	428	438	447	448	456	463	424	488	490

Source: City of Auburn Finance Department

- (1) No data is presented for Fire employees for 2007 and thereafter due to incorporation of 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 has frozen 82.5 of the total 490 positions.



CITY OF AUBURN, WASHINGTON
SCHEDULE 20
OPERATING INDICATORS BY DEPARTMENT
LAST TEN FISCAL YEARS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Planning										
Commercial permits	471	431	434	337	217	240	248	214	95	112
Commercial construction value (\$1,000's)	\$75,011	\$74,924	\$56,257	\$50,269	\$77,121	\$71,047	\$63,658	\$63,658	\$22,887	\$58,896
Residential permits	583	422	421	583	766	604	485	293	165	85
Residential construction value (\$1,000's)	\$65,077	\$65,326	\$55,108	\$89,415	\$155,551	\$112,125	\$61,872	\$61,872	\$27,048	\$15,739
Police										
Crimes:										
Arson	31	35	46	45	43	33	36	30	24	19
Assault	139	143	169	145	135	168	158	143	154	163
Burglary	541	686	578	596	861	623	686	590	630	590
DUI	150	204	170	189	240	218	158	145	194	193
Homicide	2	-	3	2	1	1	-	1	-	3
Narcotics	628	606	499	506	399	472	493	368	439	440
Rape	28	19	33	32	24	13	24	12	14	13
Robbery	65	69	68	69	91	85	122	92	102	92
Theft	2,273	2,300	2,243	2,082	2,344	2,509	2,216	1,962	2,343	2,362
Theft - motor vehicle	594	692	875	816	802	869	642	672	639	370
Traffic:										
Non-criminal	7,690	9,072	9,643	9,946	7,962	6,850	4,978	6,865	6,794	7,788
Parking	1,802	1,803	2,188	1,821	1,827	2,140	3,965	4,802	3,740	4,026
Fire ⁽⁵⁾										
Type of response:										
Building	92	103	101	114	107	94	98	-	-	-
Non-building	275	236	260	305	249	198	238	-	-	-
Alarm systems	496	562	511	486	497	474	524	-	-	-
Service	352	387	370	465	493	493	618	-	-	-
Other	673	747	819	917	940	870	979	-	-	-
First Aid	4,815	4,902	5,177	5,155	5,562	5,679	5,616	-	-	-
Parks and Recreation										
Athletic teams	455	464	467	523	507	445	459	479	416	428
Recreation activities	1,551	1,483	1,527	1,708	1,896	2,086	2,069	2,719	2,056	2,335
Golf course rounds ⁽¹⁾	56,527	53,864	53,967	41,753	45,336	47,501	43,454	50,500	54,993	50,572
Senior center visits ⁽²⁾	31,949	29,572	32,121	31,418	32,103	35,308	35,381	34,427	36,805	41,032
Cultural activities	117	56	88	55	56	56	58	84	84	90
Museum audience served ⁽³⁾⁽⁴⁾	11,000	11,000	8,994	9,417	10,274	9,340	9,400	12,090	11,921	11,835
Cemetery burials	300	301	277	272	271	277	277	245	289	232

Sources: Various city departments

(1) 2003 - Portion of golf course closed for two months

(2) 2001 - Senior center had reduced programs and 16 additional closure dates to facilitate move to new facility

(3) 2002 - Museum actual service has increased, decline in count due to change in calculation method

(4) 2001 - Museum closed for renovations for several months

(5) 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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General City										
Total area (square miles)	21.0	22.6	22.7	22.8	22.8	23.3	23.4	23.4	30.0	30.1
Public Works										
Miles of streets	155	160	166	180	180	180	180	186	272	276
Number of streetlights	2,790	2,790	2,934	2,934	3,355	3,410	3,575	3,602	5,074	5,392
Number of traffic signals	n/a	n/a	n/a	n/a	66	72	72	72	83	85
Utilities										
Number of services	11,546	11,645	12,014	12,077	12,144	12,833	12,633	12,954	13,050	13,076
Miles of water mains	220	243	247	252	254	278	279	287	283	293
Miles of sanitary sewers	156	166	149	176	177	177	177	182	205	207
Miles of storm sewers	n/a	n/a	n/a	n/a	185	190	195	197	197	204
Number of fire hydrants	n/a	n/a	n/a	n/a	2,270	2,285	2,300	2,369	2,969	2,998
Public Safety										
Number of fire stations ⁽¹⁾	3	3	3	3	3	3	3	-	-	-
Number of police stations	2	3	3	2	2	2	2	2	2	2
Parks and Recreation										
Total park acreage	478	547	533	535	592	596	596	596	598	603
Number of softball/baseball fields	n/a	n/a	n/a	n/a	19	19	19	19	19	18
Number of soccer/football fields	n/a	n/a	n/a	n/a	3	3	3	3	3	3
Number of playgrounds	n/a	n/a	n/a	n/a	25	29	30	30	32	33

Sources: Various city departments

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

Prepared by:

Shelley Coleman
Finance Director

Karen Jester
Financial Planning Manager

Lanny Petitjean
Senior Accountant

Michelle Surdez
Senior Accountant

Consuelo Rogel
Financial Analyst

Teri Ashton
Accountant

Rhonda Ewing
Utility & Accounting Services Manager

Kristen Hollis
Finance Secretary

