



CITY OF  
**AUBURN**  
WASHINGTON

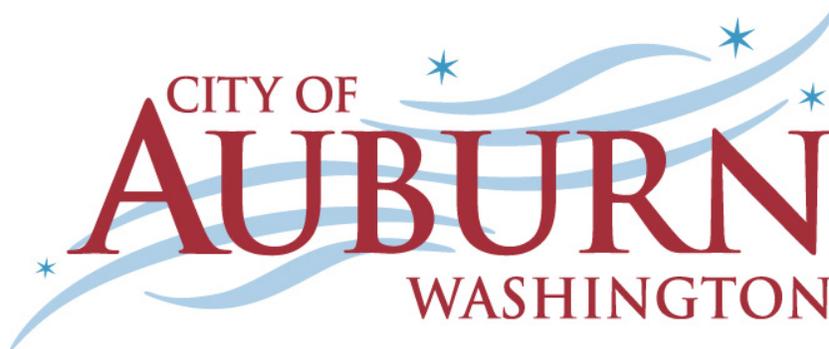
# 2019 COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2019

**CITY OF AUBURN  
WASHINGTON**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

Fiscal Year January 1, 2019 through December 31, 2019



Prepared by

City of Auburn Finance Department  
Jamie Thomas, Finance Director



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For the Year Ended December 31, 2019

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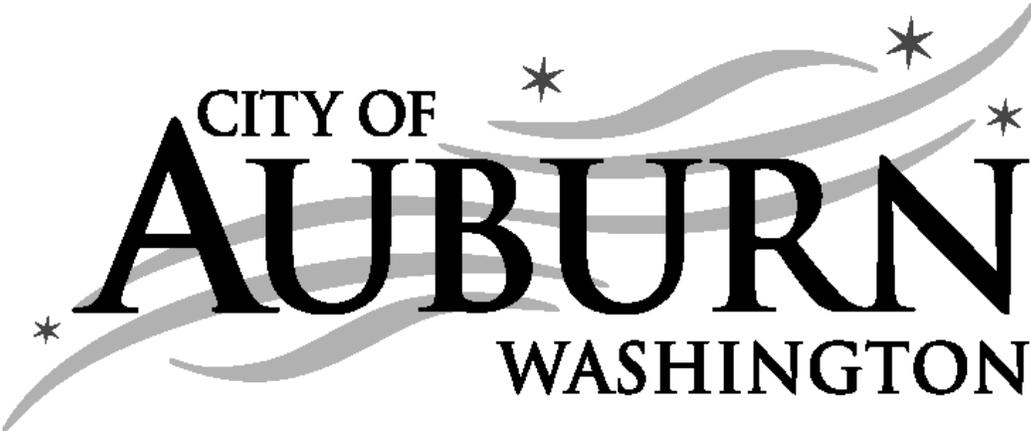
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CITY OFFICIALS

MAYOR  
Nancy Backus



Claude DaCorsi



Chris Stearns



Bob Baggett



James Jeyaraj



Yolanda Trout-Manuel



Larry Brown

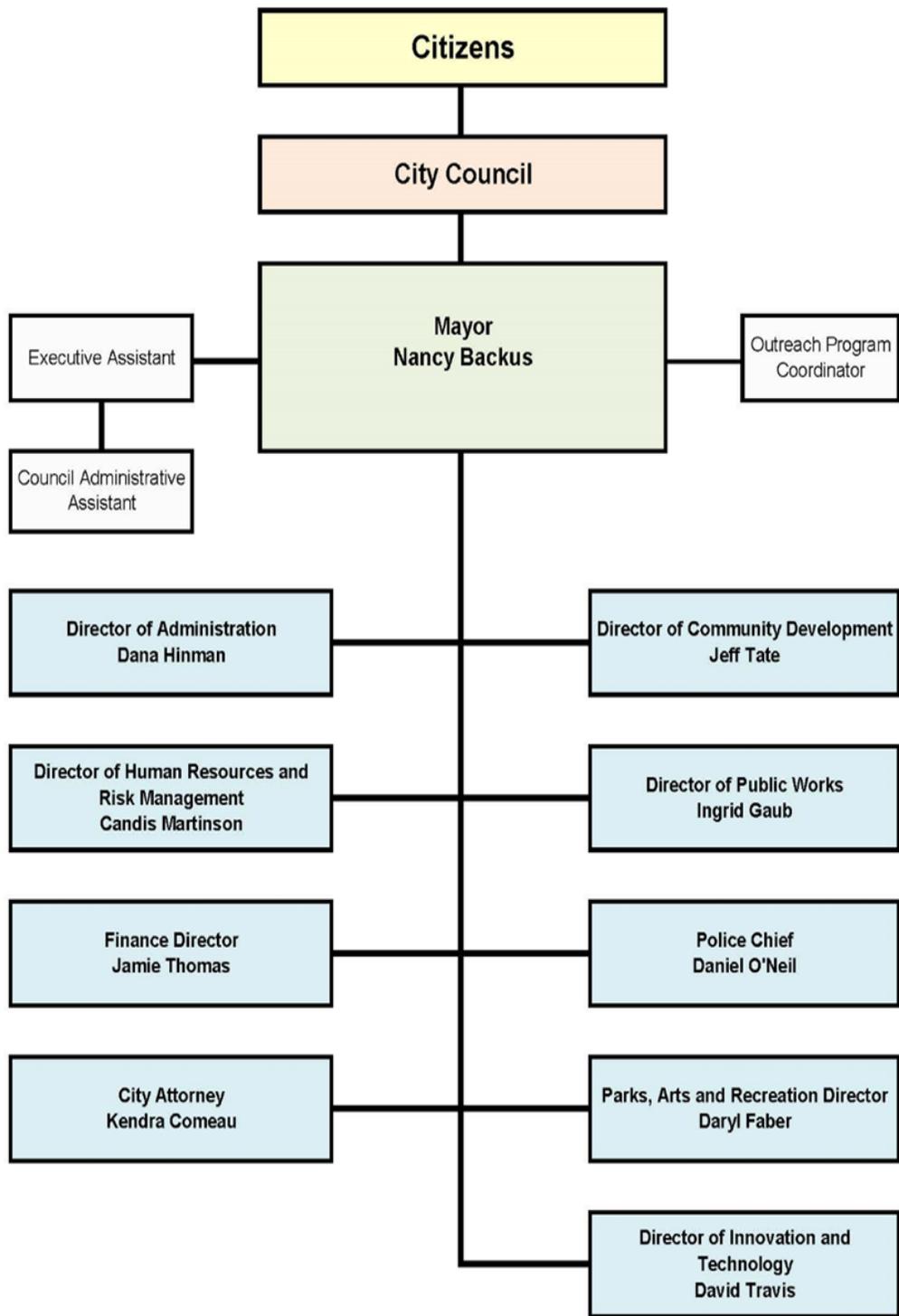


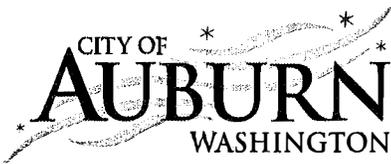
Robyn Mulenga

DEPARTMENT DIRECTORS

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

Jamie Thomas  
Kendra Comeau  
Candis Martinson  
David Travis  
Daryl Faber  
Jeff Tate  
Ingrid Gaub  
Dan O'Neil  
Dana Hinman





July 30, 2020

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

We are pleased to present the City's Comprehensive Annual Financial Report for the year ended December 31, 2019. 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, 2019. This transmittal letter provides an overview of the report and the financial condition of the City. It also provides insight into the history of the City and the economic conditions affecting it, and describes the systems and controls employed by the Finance department.

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

**I. INTRODUCTION**

**A. Management Representation**

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

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

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 2018 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 41% of the state-wide population. The City is strategically located in relation to the labor and consumer markets of the two largest cities in the area: Seattle in King County and Tacoma in Pierce County. Auburn currently serves approximately 80,615 people within its incorporated limits.

The City provides a wide range of services, both beneficial and necessary, to its residents as well as to the adjacent area. These services include police protection; parks and recreational facilities that include a senior center, gymnasium, community and teen 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 is a member/owner of Valley Communications providing emergency 911 services and South Correctional Entity (SCORE) providing jail facilities. Both these organizations provide services to other owner/member governments and other non-owner/member governments as well through interlocal agreements.

## II. ECONOMIC CONDITION

### A. Summary of Local Economy

Auburn began as a small rural community founded on agriculture and the railroad, which maintained a significant switching and repair facility. The City has grown significantly since World War II, both as a residential community and as a commercial and industrial location. Auburn has become a significant area for automobile sales and has also developed a substantial manufacturing and distribution base with the largest employer being The Boeing Co., which employs approximately 6,000 people at its Auburn facility. Boeing is a worldwide supplier of aircraft and related products. As of year-end 2019, Auburn was providing 76,400 jobs with a unemployment rate of 2.9%, which is below both the national and state figures.

Auburn has enjoyed steady residential and industrial growth over the years as development has moved outward from the major cities. Auburn is currently home to about 4,000 businesses and is the center of the largest industrial complex in the Pacific Northwest. The City has a growing array of manufacturing facilities, as well as distribution, wholesale, and retail operations. Auburn's transit-oriented district is home to the MultiCare Auburn Medical Center, with a Trauma Level III emergency facility. This location serves the local geographic area and employs approximately 1,700 people.

The City's recent efforts to promote economic development and champion its designation as an Innovation Partnership Zone helps to solidify Auburn's economic standing in the region and spur new business and development activity. A number of commercial and service industry projects, currently in progress or in the planning stages, contribute to an economic picture of future growth.

Significant developments in the City include the issuance of 274 commercial building permits representing about \$156 million in construction investments, including projects such as the Auburn Town Center (6-story, 226 unit mixed use building), Legacy Plaza (7-story, 167 unit mixed use development), Dick Scobee Elementary School replacement, a new elementary school, the Copper Gate mixed use development (500 unit mixed use complex), and Fieldhouse USA renovation of the former Sam's Club. These projects have positive impacts on available revenue and, as they take hold, will serve to strengthen the City's economic future.

The City's total assessed property valuation has risen from \$6.5 billion in 2008 to \$11.3 billion in 2019. The recession, coupled with the impact of the Streamlined Sales Tax (SST) legislation enacted by the State of Washington that went into effect July 1, 2008, reduced general sales tax revenues from their high in 2007 of \$17.5 million to a low of \$11.8 million in 2009, then increasing slowly to \$18.9 million in 2019. The SST impact is estimated to have eliminated approximately \$200,000 per month of sales tax revenue to the City. To lessen the financial impact on cities severely impacted by this legislation, the State of Washington implemented a mitigation plan under which the City of Auburn has been receiving approximately \$1.9 million in mitigation payments each year since 2012, although this declined to \$1.3 million in 2019 as it was reduced dollar-for-dollar by voluntary payments for internet sales taxes. Mitigation payments had been scheduled to end in the third quarter of 2019 but were extended to 2021, although payments were permanently halted in early 2020 due to the impacts of the COVID-19 pandemic on the State's finances. This loss may ultimately be offset by Marketplace Fairness Act (internet sales tax) revenues. Sales tax revenue, excluding criminal justice and annexation sales tax credits, increased by \$3.0 million (18.7%) from 2018. This constitutes about 25% of total General Fund revenue. While the local economy is generally favorable, the City remains vigilant in its management of expenses to ensure it lives within its means, particularly with the uncertainties related to the COVID-19 pandemic.

Despite economic cycles, the City has continually focused on enhancing the quality of life in the community and focusing on maintaining and redeveloping its aging infrastructure. For example, the City's Arterial Street program is partially funded by dedicating 1% of utility taxes toward arterial roadway improvements.

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

The City maintains a stable financial condition by managing expenditure budgets to available revenue streams. All funds contain adequate balances, and the City's debt is manageable. The General fund contains a satisfactory balance along with a reserve fund for stabilization, a significant Insurance fund has been set aside for contingencies, and the Equipment Rental fund is adequate for vehicle replacement. The Proprietary and Fiduciary funds are in satisfactory condition. The City completed a review of the City's water, sewer and stormwater utility rates in 2019 and established rates to fund operating and capital needs through 2022. This will cover increased debt service associated with new revenue bonds being issued in 2020 to support significant new utility construction projects. Utility rates will continue to be reviewed as part of the comprehensive planning process.

#### **B. Future Economic Outlook**

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

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

### **III. FINANCIAL INFORMATION**

#### **A. Cash Management**

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

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

#### **B. Risk Management**

The City participates in the Washington Cities' Insurance Authority (an insurance pool of over 160 members) and the City actively pursues risk reduction in the operation of its programs.

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.

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

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

**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 2019 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 unmodified opinion for 2019. Please see the Auditor's Report. The State Auditor's Office also audits the City's administration of its federal grants under the single audit concept.

**B. Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Auburn for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2018. This was the thirtieth 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.

Also, in 2019, the City received the Government Finance Officers Association Distinguished Budget Presentation award for its 2019-2020 biennial budget.

**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,



Jamie Thomas  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

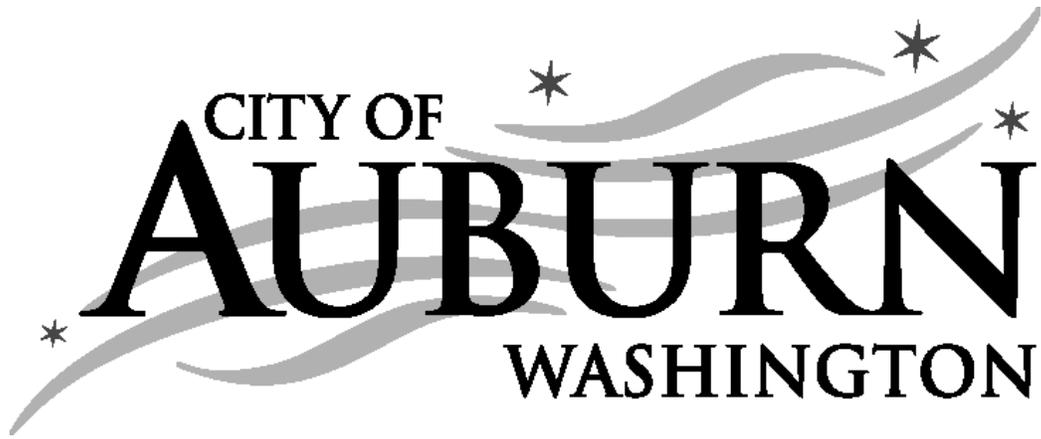
**City of Auburn  
Washington**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2018**

*Christopher P. Morrill*

Executive Director/CEO





**Office of the Washington State Auditor  
Pat McCarthy**

**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**

July 30, 2020

Council  
City of Auburn  
Auburn, Washington

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Auburn, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Auburn, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General and Arterial Street funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Matters of Emphasis**

As discussed in Note 20 to the financial statements, in February 2020, a state of emergency was declared which could have a negative financial effect on the City. Our opinion is not modified with respect to this matter.

## **Other Matters**

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

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

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The combining and individual fund financial statements and schedules are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we will also issue our report dated July 30, 2020, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,



Pat McCarthy

State Auditor

Olympia, WA



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

### Financial Highlights

- Total government-wide net position – the difference between assets plus deferred outflows and liabilities plus deferred inflows – equals \$737.7 million, an increase of \$31.0 million or 4.4%. Of this, a total of \$585.1 million, or 79.3% of total net position, represents net investment in capital assets and includes assets such as utility systems, streets, buildings, land, vehicles and equipment. An additional \$3.4 million of net position is restricted for purposes of endowment and debt service. Of the remaining \$149.3 million of net position, \$32.5 million is legally restricted, restricted by City policy for specific purposes, or is restricted for use by the City's utilities, and \$116.8 million is unrestricted.
- The net increase in government-wide net position during 2019 was \$31.0 million. Of this amount, \$1.7 million was directly related to the increase in City-owned net investment in capital assets, restricted net position increased by \$4.0 million, and unrestricted net position increased by \$25.3 million.
- Business-type net position increased by \$12.0 million to \$271.1 million during 2019 as a result of net capital investment and net earnings related to the City's water, sewer and storm water utilities.
- Governmental fund balances at year-end totaled \$75.5 million. Of this amount, \$19.1 million, or 25.2%, is unassigned and available to fund ongoing activities. Compared to 2018, total governmental fund balances increased by \$5.6 million. This increase reflects the net effect of a general improvement in the regional economy and continued vigilance in monitoring general spending.
- Total City debt payments during the year, net of compensated absences and other post-employment benefits, were \$8.3 million. Total long-term liabilities, including bonds and loans, totaled \$119.5 million at December 31, 2019. The ending long-term liabilities is a decrease of \$0.1 million from 2018 and is largely attributable to the retirement of bond principal. See note 9 for further information on long-term liability activity during the year.

## Other City Highlights:

### Parks, Arts and Recreation

- Completed a new classroom building at the White River Valley Museum, funded in part by a grant from the State of Washington Heritage Capital Fund.
- Added a new synthetic field at Brannan Park, making the baseball field playable year-round, with funding from the State and King County.
- Initiated a Resource Navigation Program for seniors and veterans at Auburn Senior Center as part of a \$1.5 million grant to be spent over five years.
- Purchased the Auburn Avenue Theater and expanded arts programming.
- Began renovation of the future Auburn Arts and Culture Center and the Auburn Alley project in downtown.
- Installed the “Crow with Fries”, Auburn’s largest public art piece, at the Les Gove Park Campus.
- Began building new forward tees at the Auburn Golf Course for seniors, ladies, and juniors to improve customer experience and the increase pace of play.

### Community Development Services

- Completed a complete upgrade of a 20 year old permit software system that provides enhanced electronic permit intake, issuance, payments, and review.
- Facilitated that completion of the F Street underpass mural and 16 utility box wraps that are designed to deter graffiti.
- Processed 2,624 permits, representing more than \$181 million in construction investments, and processed approximately 900 business licenses, completed 2,284 inspections, completed 1,090 code enforcement cases, and participated in more than 50,000 customer service interactions.
- Notable, active projects in review and/or under construction during the year:
  - Auburn Town Center (6 story 226 unit mixed use building)
  - Legacy Plaza (7 story 167 units mixed use building)
  - Copper Gate multifamily complex (14 buildings with 500 apartment units)
  - Huntington Woods 74 lot subdivision
  - New Auburn Elementary #15 on Kersey Road
  - Dick Scobee Elementary School replacement
  - Fieldhouse USA renovation of former Sam’s Club
  - Country Meadows 20 unit duplex community

### Engineering Services

- Managed street preservation programs that resulted in the average pavement condition index (PCI) increasing from 75 at the end of 2018 to 77 at the end of 2019 for City local streets and from 60 to 63 for City collectors and arterials over the same period.
- Constructed new sidewalks on Auburn Way North and South to fill gaps in the network.
- Completed 25 capital projects totaling approximately \$26 million in capital construction investment.
- Completed construction including 30 lane miles of new/replaced pavement, one new complete traffic signal system, two rectangular flashing beacon (RRFB) pedestrian crossings, 6,200 linear feet of new/replaced sidewalks and upgrades to numerous curb ramps.
- Completed the required annual reporting for the United States Environmental Protection Agency National Pollutant Discharge Elimination System (NPDES) Phase II permit requirements.

### Maintenance & Operations Services

- Refreshed all striping on public roads and continued to refresh thermoplastic pavement markings and legends as needed (overseen by Engineering and completed through contracting with Pierce County).
- Performed uni-directional flushing on the water system in the Lea Hill and Academy service areas, flushing a total of 252,403 feet of main lines.

### Airport Services

- Completed bid solicitation for the Airport Runway Enhancement Project and secured FAA grant funding for the project.
- Updated the Airport website and marketing materials and continued seeking potential development partners for the development sites at the Airport.
- Completed a financing and capital project plan for the Airport with the Airport Advisory Board to determine project priorities for the Airport's limited funds.
- Formed an Airport user group to discuss airport operational topics and issues to improve services.
- Held the annual Airport Appreciation Day on July 6<sup>th</sup> with 700 to 800 attendees from the community and 170 people enjoying flights in some capacity.

## Overview of the Financial Statements

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

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

These statements report the City's net position and changes during the reporting year. The net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources.

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

### Government-wide Financial Statements

The government-wide financial statements are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns which add to a total for the City. The focus of the *Statement of Net Position* is designed to be similar to bottom-line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets, deferred outflows of resources, long-term obligations and deferred inflows of resources. Over time, increases or decreases in net position may be one indicator of improvement or deterioration in the City's overall financial health.

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

revenues are reported when they are earned and expenditures are reported when they are incurred, regardless of when cash is received or disbursed.

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

## **Fund Financial Statements**

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

*Governmental Funds* are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. The government major fund is presented utilizing the "sources and uses of liquid resources" basis. This is the manner in which the budget is typically developed. The basis of accounting is different between the governmental fund statements and the government-wide financial statements. The governmental fund statements focus on the near-term revenues/financial resources and expenditures while the government-wide financial statements include both near-term and long-term revenues/financial resources and 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 Position is found directly following the governmental funds' Balance Sheet; the reconciliation between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities is found directly following the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balances.

The City maintains twenty-one individual governmental funds. Of these, three are considered major (the general fund, the arterial street fund, and the capital improvement projects fund) and are presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances. The remaining governmental funds are combined into a single column labeled "Other Governmental Funds". Individual fund data for each of the other governmental funds can be found in the combining statements later in this report. The City maintains budgetary control over its operating funds through the adoption of a biennial budget. Budgets are adopted at the fund level according to state law. Budgetary comparison statements are presented for the general and arterial street funds as part of the basic financial statements. Other budgetary comparison statements are included following the other government funds' combining statements.

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

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

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

Internal service funds are an essential accounting tool used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles, maintenance and operation of facilities, computer hardware and software services, employee costs related to occupational injury or illness, and 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 one fiduciary fund, the agency fund it is accounted for on the accrual basis.

## **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 pages 44 and 45, and the pension benefit and other postemployment benefit required supplementary information is found in the required supplemental information section.

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

**Government-wide Financial Analysis**

The statement of net position may serve as a useful indicator of the City’s financial position. The overall financial position has improved for the City of Auburn over the prior year. Changes in Net Position from 2018 to 2019 show an increase in total net position of \$31.0 million or 4.4%. Following is a condensed version of the government-wide statement of net position with a comparison to 2018:

**STATEMENT OF NET POSITION  
Comparative Analysis of 2019 and 2018**

	Governmental Activities		Business-type Activities		Total	
	As of 12/31/19	As of 12/31/18	As of 12/31/19	As of 12/31/18	As of 12/31/19	As of 12/31/18
Current and other assets	\$ 151,098,544	\$ 136,134,446	\$ 71,636,428	\$ 64,189,589	\$ 222,734,972	\$ 200,324,035
Capital assets, net of accumulated depreciation	401,223,007	405,025,362	238,962,392	237,685,694	640,185,399	642,711,056
Total assets	552,321,551	541,159,808	310,598,820	301,875,283	862,920,371	843,035,091
Deferred Outflows of Resources	2,732,297	2,221,501	858,180	805,391	3,590,477	3,026,892
Long-term liabilities	67,950,863	78,232,970	30,624,946	34,019,802	98,575,809	112,252,772
Other liabilities	13,059,290	10,854,971	8,011,637	7,957,619	21,070,927	18,812,590
Total liabilities	81,010,153	89,087,941	38,636,583	41,977,421	119,646,736	131,065,362
Deferred Inflows of Resources	7,404,879	6,705,141	1,718,451	1,553,327	9,123,330	8,258,468
Net position						
Net investment in capital assets	372,887,236	375,208,981	212,172,136	208,136,620	585,059,372	583,345,601
Restricted for:						
Capital Projects	30,407,688	27,418,887	-	-	30,407,688	27,418,887
Nonexpendable Permanent Endowment	1,826,063	1,775,453	-	-	1,826,063	1,775,453
Debt Service	1,917	5,386	1,564,892	1,497,309	1,566,809	1,502,695
Tourist Promotion	249,186	197,675	-	-	249,186	197,675
Drug Investigation & Enforce	1,252,739	448,351	-	-	1,252,739	448,351
Comm Dev Block Grant	42,904	42,904	-	-	42,904	42,904
Central Business Distr Dev	130,916	113,295	-	-	130,916	113,295
Rate Stabilization	-	-	436,817	427,257	436,817	427,257
Unrestricted	59,840,168	42,377,297	56,928,121	49,088,740	116,768,289	91,466,037
Total net position	\$ 466,638,817	\$ 447,588,228	\$ 271,101,966	\$ 259,149,926	\$ 737,740,783	\$ 706,738,154

The largest component of the City’s net position, \$585.1 million, or 79.3% is its net investment in capital assets. These capital assets, such as streets, parks, trails, and vehicles and equipment related to police and public works, are used to provide services to the citizens. As a result, these assets are not for sale, and are therefore not available to fund current and future City obligations. The City elected the GASB 34 reporting option to include all general infrastructure of the City acquired or substantially renovated since 1980.

The largest component of unrestricted net position, \$59.8 million, may be used for functions such as public safety employee salaries and supplies, parks and road maintenance, and other general governmental services. The second largest component of unrestricted net position, \$56.9 million, represents the unrestricted net position of the City’s business-type activities and may only be spent on activities related to one of the four City utilities (water, sanitary sewer, storm water and solid waste) or to the City-owned ventures (airport and cemetery). Examples of utility activities include maintenance of water/sewer mains, pump and lift stations, storm drain flushing, water meter reading, and garbage collection. Activities related to the other City-owned ventures include maintenance of hangars and runways at the airport, and grooming and landscaping at the cemetery.

Restricted governmental fund net position is \$33.9 million and is restricted for purposes such as capital project construction, debt service, drug investigation and enforcement, and endowment. Total net investment in capital assets increased by \$1.7 million.

**Changes in Net Position**

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

**CHANGES IN NET POSITION  
Comparative Analysis of 2019 and 2018**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 16,621,946	\$ 11,050,781	\$ 70,315,493	\$ 69,723,671	\$ 86,937,439	\$ 80,774,452
Operating grants and contributions	3,394,916	2,831,794	106,286	106,286	3,501,202	2,938,080
Capital grants and contributions	6,461,827	9,065,857	6,686,288	4,566,838	13,148,115	13,632,696
General revenues						
Property taxes	22,075,276	21,546,734	-	-	22,075,276	21,546,734
Sales taxes	22,212,601	21,996,115	-	-	22,212,601	21,996,115
Interfund utility taxes	4,760,229	4,552,505	-	-	4,760,229	4,552,505
Admission & utility taxes	9,278,114	9,841,620	-	-	9,278,114	9,841,620
Excise taxes	5,650,339	4,393,134	-	-	5,650,339	4,393,134
Other taxes	4,751,163	5,213,217	-	-	4,751,163	5,213,217
Investment earnings	2,134,741	1,657,481	1,387,405	989,564	3,522,146	2,647,045
Miscellaneous revenue	258,502	428,580	1,218,645	602,528	1,477,147	1,031,107
Total revenues	97,599,653	92,577,818	79,714,117	75,988,887	177,313,770	168,566,705
<b>Expenses:</b>						
General government	13,292,724	10,191,329	-	-	13,292,724	10,191,329
Public safety	24,016,496	30,337,791	-	-	24,016,496	30,337,791
Transportation	17,709,231	17,620,176	-	-	17,709,231	17,620,176
Physical environment	3,981,499	3,794,576	-	-	3,981,499	3,794,576
Culture and recreation	13,400,311	13,665,612	-	-	13,400,311	13,665,612
Economic environment	4,457,626	4,140,104	-	-	4,457,626	4,140,104
Health and human services	619,247	787,535	-	-	619,247	787,535
Interest on long-term debt	1,466,217	1,502,236	-	-	1,466,217	1,502,236
Water	-	-	13,023,888	12,499,974	13,023,888	12,499,974
Sanitary sewer	-	-	26,907,482	26,213,221	26,907,482	26,213,221
Storm drainage	-	-	9,126,096	9,374,373	9,126,096	9,374,373
Solid waste	-	-	15,682,121	15,311,654	15,682,121	15,311,654
Other business-type activities	-	-	2,628,203	2,186,842	2,628,203	2,186,842
Total expenses	78,943,351	82,039,359	67,367,790	65,586,064	146,311,141	147,625,423
Increase in net position before transfers	18,656,303	10,538,459	12,346,327	10,402,823	31,002,630	20,941,282
Transfers	394,287	414,975	(394,287)	(414,975)	-	-
Change in net position	19,050,590	10,953,434	11,952,040	9,987,848	31,002,630	20,941,282
Net Position, January 1, as Previously Reported	447,588,227	446,024,169	259,149,926	249,162,078	706,738,153	695,186,247
Change in Accounting Principle	-	(9,389,375)	-	-	-	(9,389,375)
Net Position, January 1, as Restated	447,588,227	436,634,794	259,149,926	249,162,078	706,738,153	649,349,553
Net position, December 31	\$ 466,638,817	\$ 447,588,228	\$ 271,101,966	\$ 259,149,926	\$ 737,740,783	\$ 706,738,154

Governmental activities contributed \$19.1 million to the total increase in City net position. Revenues to fund capital assets are recorded as program or general revenues in the statement of activities. However, asset purchases are not recorded as expenditures in the year purchased and construction costs are not recorded as expenditures in the year incurred. Instead, the costs are recorded as long-term assets and are depreciated over their useful lives.

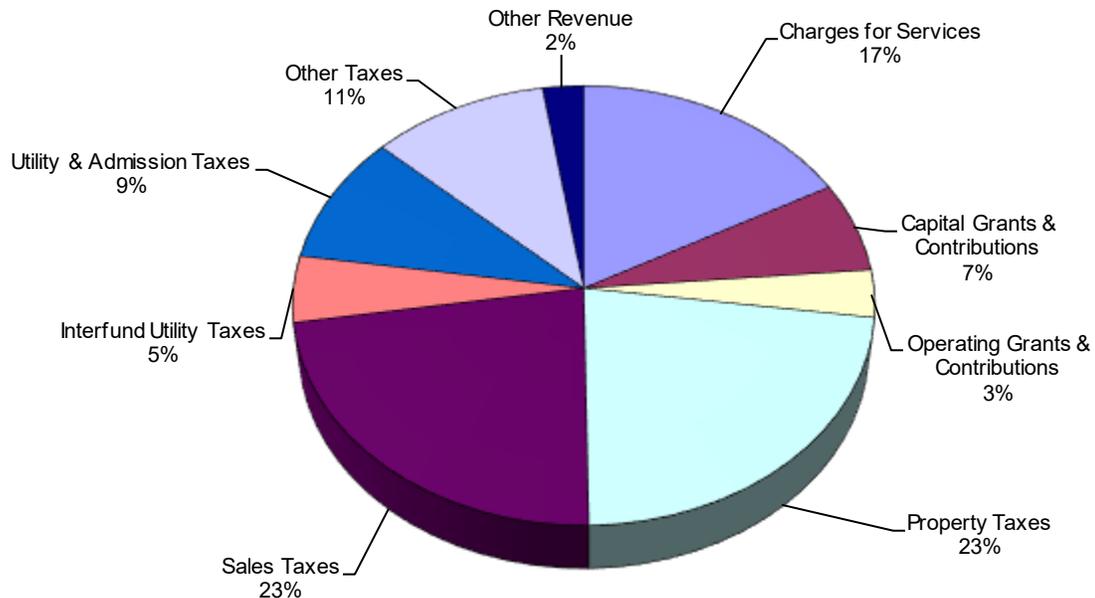
General tax revenues increased by 1.8% to \$68.7 million between 2018 and 2019, compared to a decrease of 0.1% between 2017 and 2018:

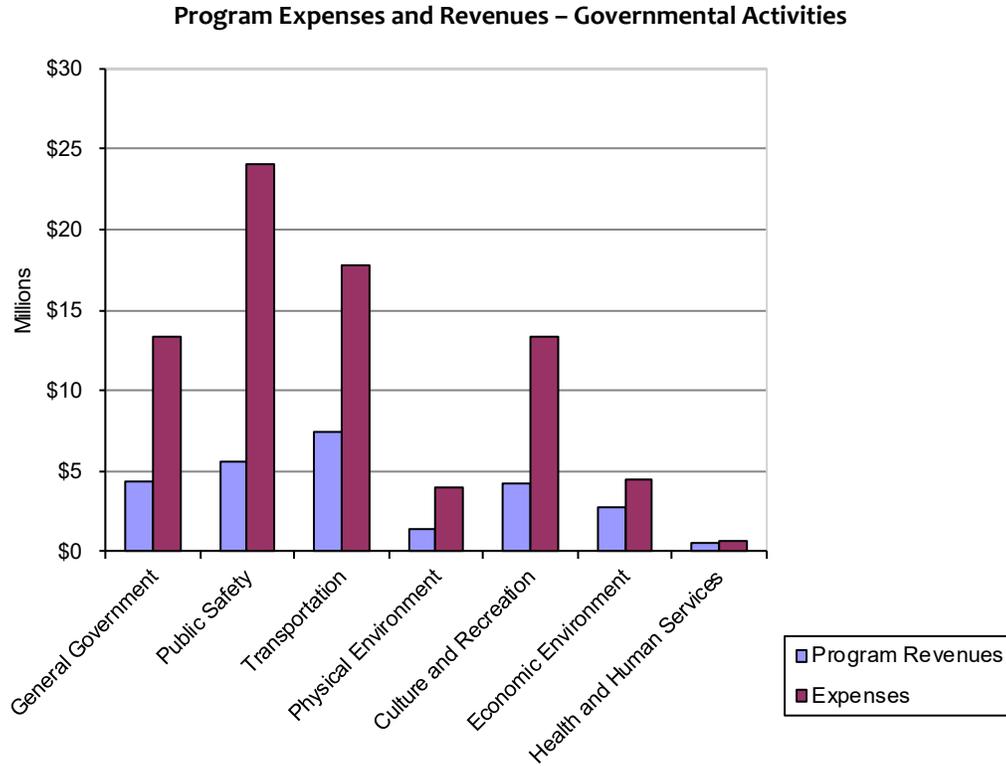
- Property tax revenue increased \$0.5 million or 2.5%.
- Sales tax collections increased \$0.2 million or 1.0%, reflecting modest growth in the economy.
- Utility and admission tax revenue decreased by \$0.4 million or 2.5%.
- Excise tax revenue increased by \$1.3 million or 28.6%.
- Investment earnings increased by \$0.5 million in governmental activities and \$0.4 million in business-type activities for a government-wide increase of \$0.9 million. Government-wide miscellaneous revenue increased by \$0.5 million to \$1.5 million.

Government-wide expenses decreased by approximately \$1.3 million or 0.9% and were largely attributable to vacancies in the City’s Police Department.

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

**Revenues by Source – Government Activities**





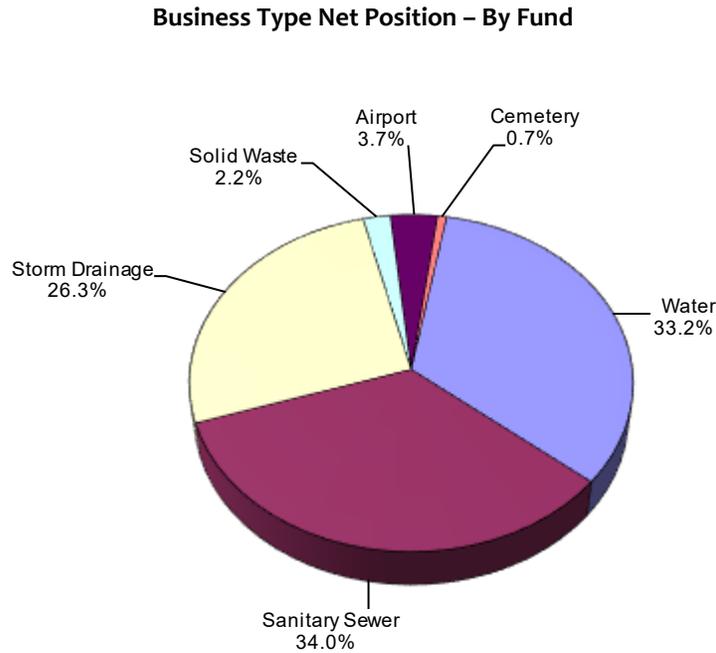
Business-type net position totaled \$271.1 million, an increase of 4.6%. Key components of this increase include:

- Business-type revenues increased \$3.7 million to \$79.7 million due to increases in charges for services, capital grants and contributions, interest earnings, and miscellaneous revenues.
- Income (loss) before capital contributions and transfers amounted to:

Water fund:	\$ 2,885,927
Sanitary sewer fund:	710,453
Storm fund:	1,583,774
Solid waste fund:	349,873
Non-major funds:	<u>457,145</u>
	\$ 5,987,172

- Net transfers totaled (\$394,287).

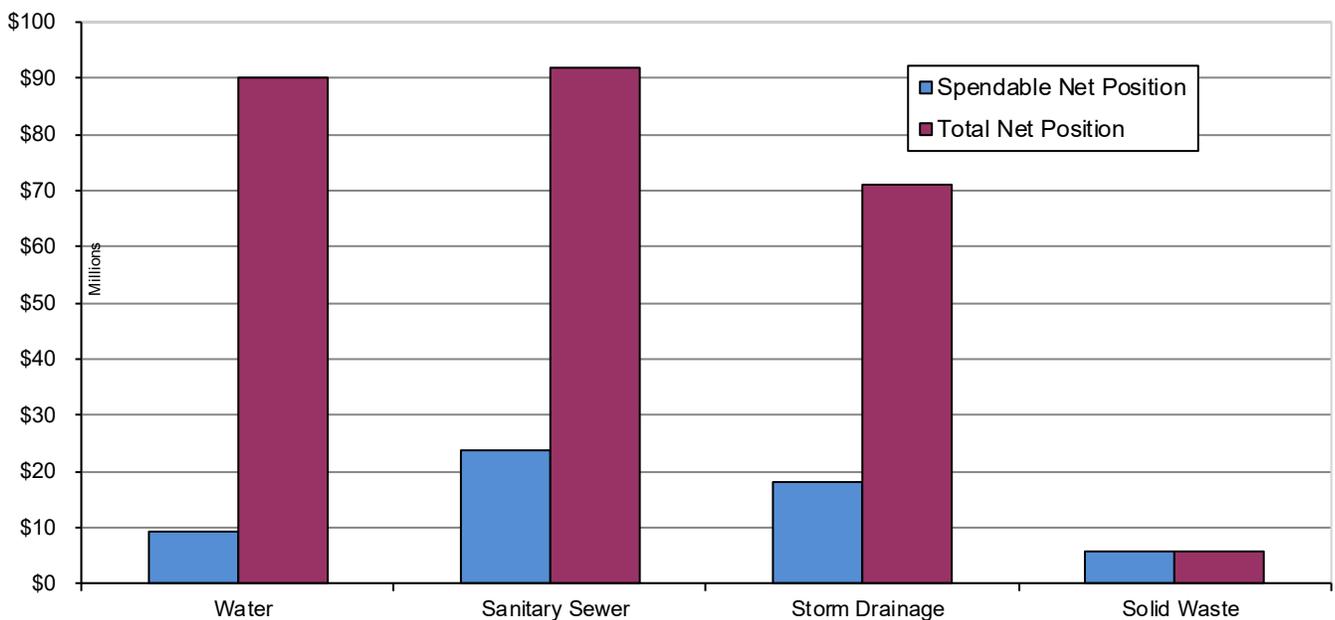
The following chart shows the relative net position balances for each business-type fund:

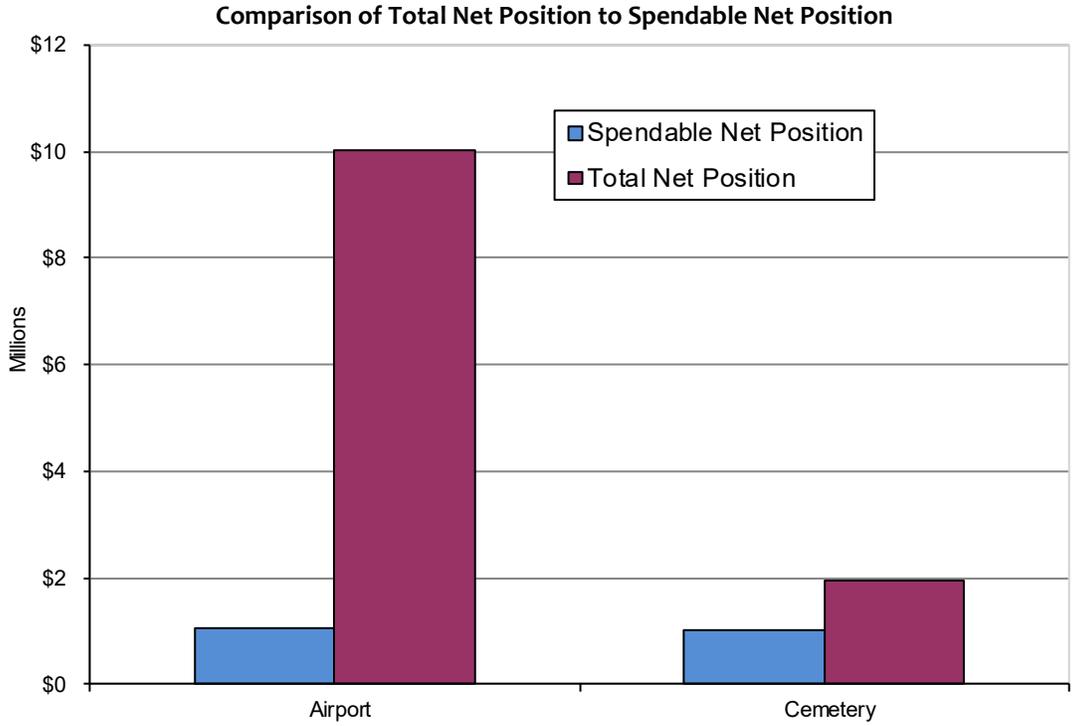


The majority of net position in the City’s enterprise funds relate to capital asset infrastructure, such as water and sewer mains and the airport runway. As such, most of the net position is not available to support the ongoing expenditures of the funds.

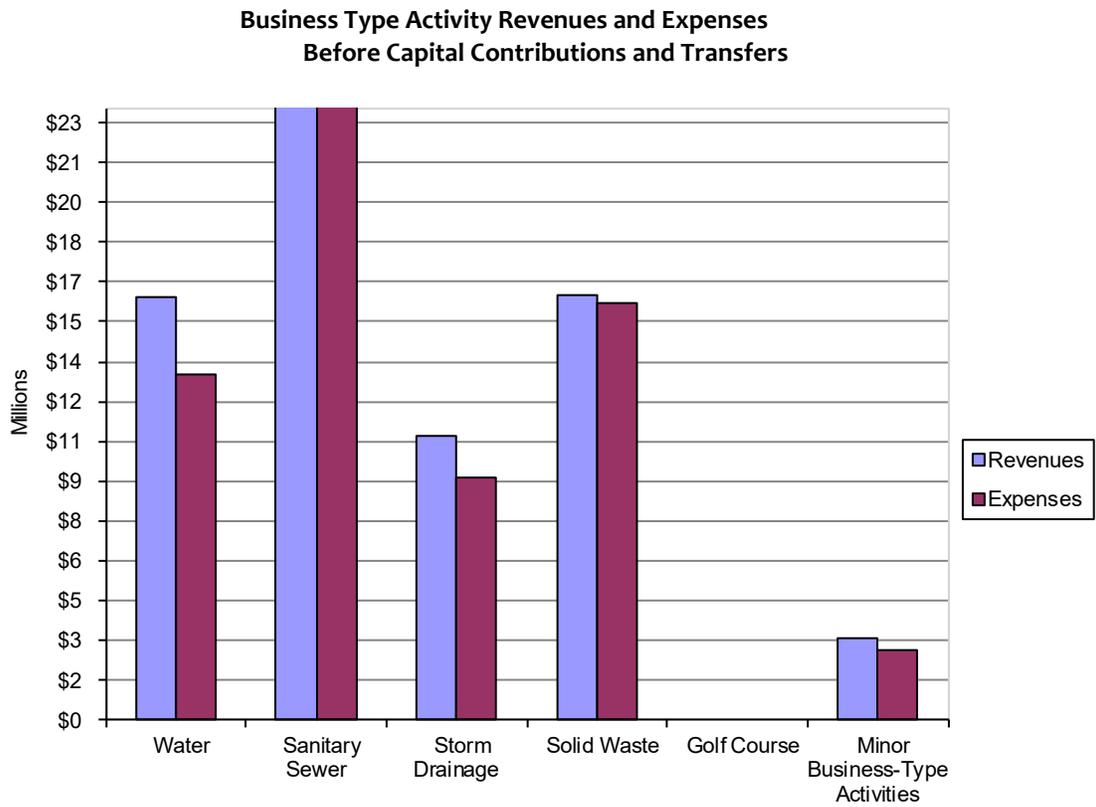
Following are two charts that contrast the total net position to the spendable portion of net position for each enterprise fund:

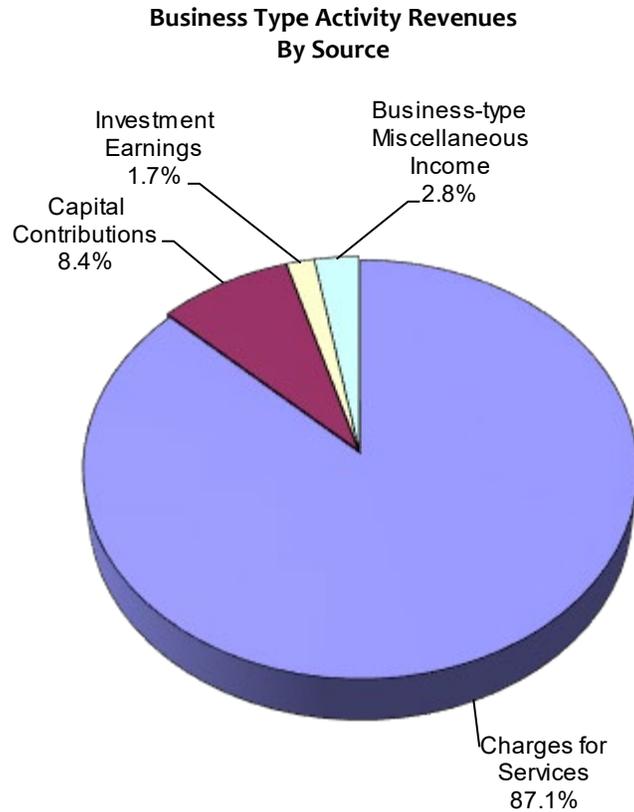
### Comparison of Total Net Position to Spendable Net Position Utility Funds





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





### 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, 2019, the City’s governmental funds had combined fund balances of \$75.5 million, an increase of \$5.6 million or 8.0% over the previous year. This change was primarily a result of changes in fund balances in the City’s General Fund (\$2.2 million) and Mitigation Fees Fund (\$2.2 million). For the City’s General Fund, the increase was largely due to increases in sales tax receipts (\$2.9 million) and revenues from general governmental services (\$2.4 million) net of \$2.5 million in higher salary and benefit costs due to a change in how other funds are charged for support department services. For the City’s Mitigation Fees Fund, it was largely due to \$1.6 million in higher-than-expected transportation impact fees received during the year. The following table shows the changes in fund balance between 2018 and 2019.

#### Changes in Fund Balance - By Fund

	2019	2018	Difference
General Fund	\$ 36,223,116	\$ 34,041,633	\$ 2,181,483
Arterial Street Fund	1,970,223	2,062,371	\$ (92,148)
Capital Improvement Fund	13,803,767	13,325,664	\$ 478,103
Mitigation Fund	14,104,088	11,881,782	\$ 2,222,306
Cemetery Endowment Fund	1,989,046	1,896,829	\$ 92,217
All Other Government Funds	7,455,998	6,742,006	\$ 713,992
<b>Total</b>	<b>\$ 75,546,238</b>	<b>\$ 69,950,285</b>	<b>\$ 5,595,953</b>

Of the government funds’ total fund balances, \$19.1 million is unassigned. Nonspendable, restricted, committed and assigned fund balances total \$56.4 million. Of this \$56.4 million, \$15.8 million is earmarked for capital projects, \$21.7 million is in special revenue funds that are earmarked for specific purposes and \$1.8 million is for endowment.

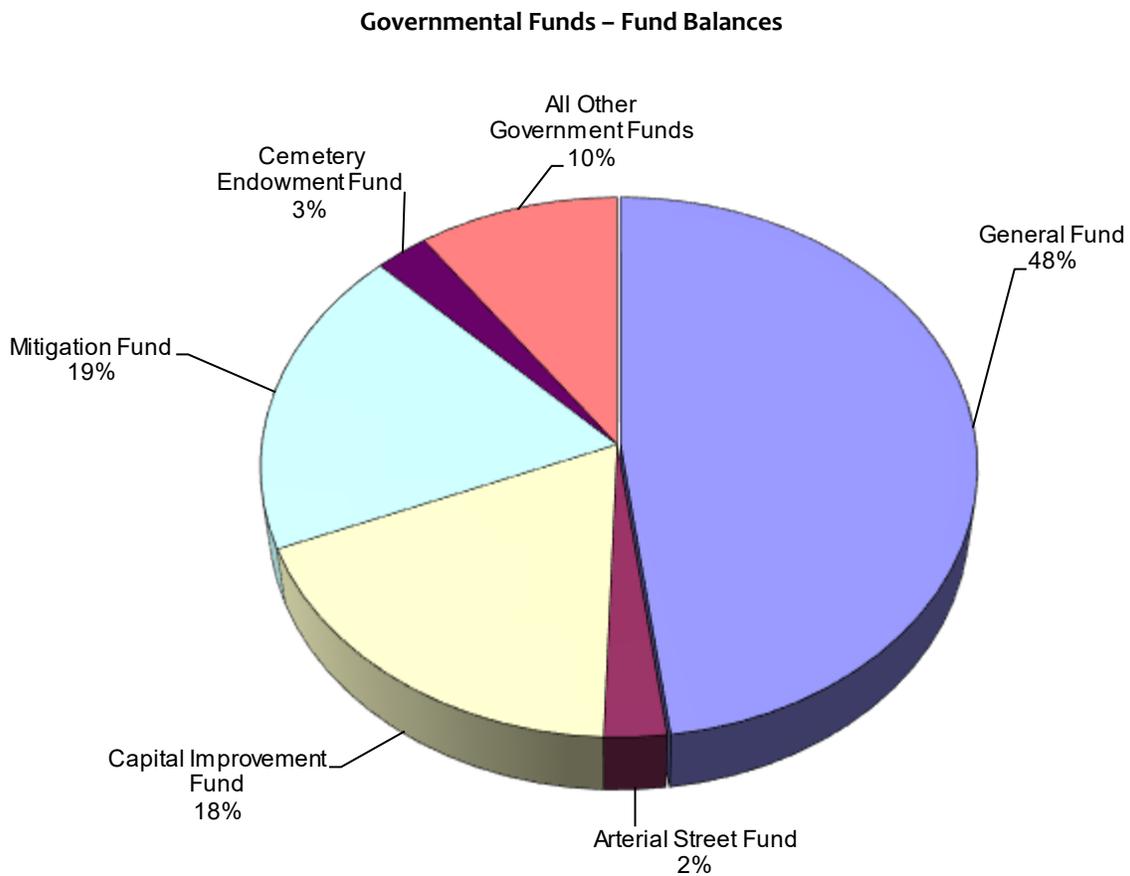
The general fund is the primary operating fund of the City. All receipts and payments of ordinary City operations are processed through it unless they are required to be accounted for in another fund. At the end of 2019, the general fund had a fund balance of \$36.2 million, \$17.1 million of which is assigned, and \$19.1 million is unassigned.

Other funds that had significant fund balances include:

- \$13.8 million in the capital improvement projects fund; used for various governmental capital asset projects.
- \$23.5 million in all other government funds; used primarily for local street improvements, local revitalization funding and maintenance of cemetery.

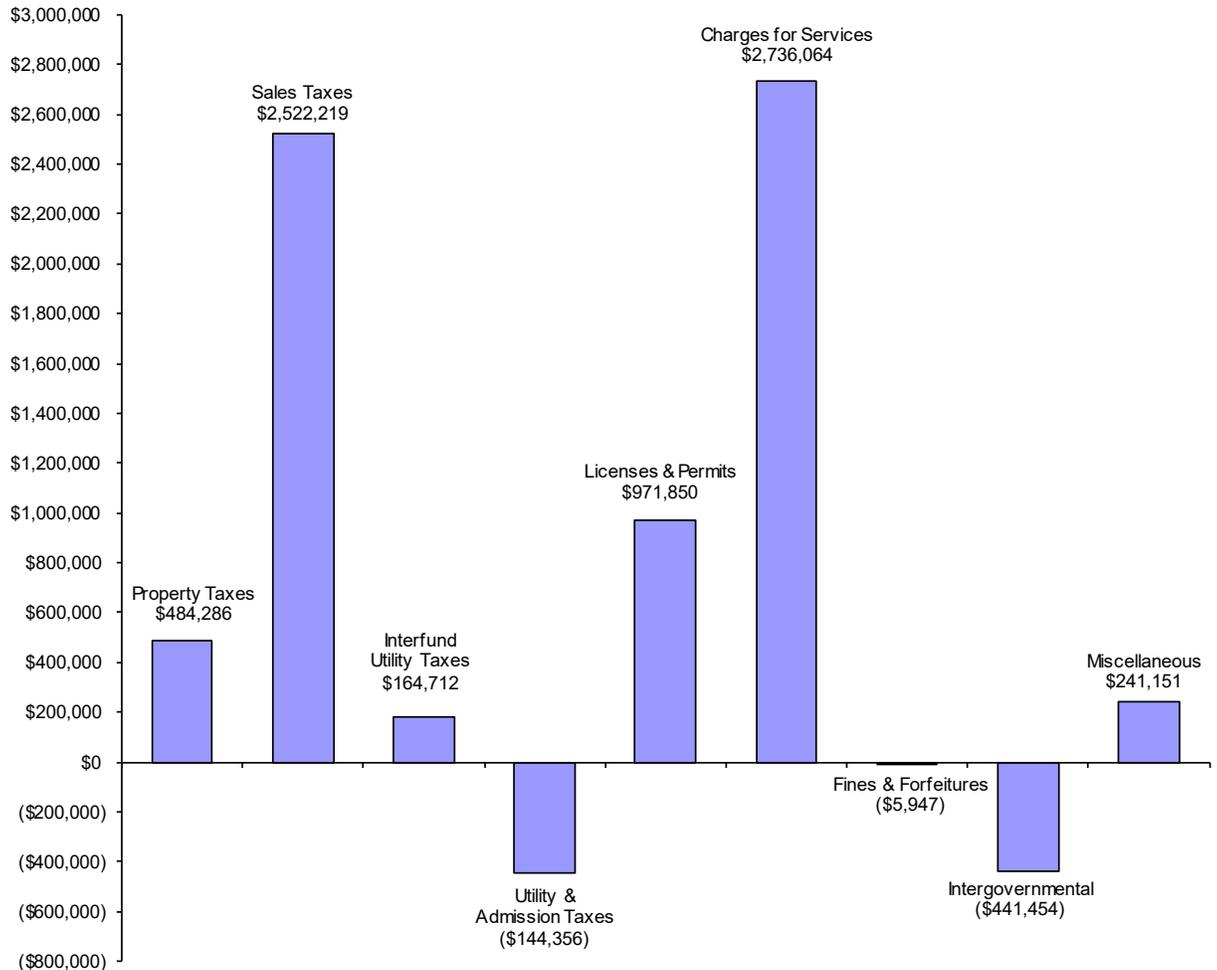
The general fund balance of \$36.2 million increased by \$2.2 million from the prior year. Revenues increased due to growth in property taxes, charges for services, intergovernmental revenues, and miscellaneous revenues. At the same time, expenditures increased over 2018 due to inflation and programmatic changes. Meanwhile, the City continues its vigilance in monitoring general expenditure activity.

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



General fund revenue increased by \$6.2 million, sources of which are shown in the chart below. Property taxes increased by \$.5 million while sales taxes increased by \$2.5 million from 2018. Utility and other taxes decreased by a net of \$0.3 million. Licenses and Permits increased by \$1.0 million due to increases in building permit fees and plumbing permits. Charges for Services increased by \$2.7 million, Fines & Forfeitures essentially remained unchanged, Intergovernmental Revenues decreased by \$0.4 million and Miscellaneous Revenues increased by \$0.2 million largely due to interest earnings.

**2019 General Fund Revenue Changes – By Source**



**Financial Analysis of Proprietary Funds**

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

## General Fund Budgetary Highlights

The City budgets biennially by adopting two single-year budgets at the end of each even-numbered year and then making adjustments as necessary via budget amendments throughout the next two years. Major amendments to the 2019 budget included:

- Budgeted General Fund expenditures and transfers out increased from \$77.7 million to \$80.0 million. Significant changes include expenditures associated with new grants, homeless sheltering, new staff additions, and salary and benefit adjustments.

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

- Actual General Fund revenues totaled \$76.0 million, or 3.7% above budget. Significant areas of favorable variance include sales and use taxes, which exceeded budget by \$397,000; building, plumbing, and street/curb permits, which exceeded budget by \$479,000; criminal justice sales taxes, which exceeded budget by \$254,000; investment income, which exceeded budget by \$266,000; excavation permits, which exceeded budget by \$415,000; and development service fees, which were \$293,000 above budget. In addition, there was a one-time payment of \$373,000 from the state for annexation sales taxes from 2018. Areas of unfavorable variance include Streamlined Sales Tax mitigation payments, which were \$405,000 below budget and telephone B&O taxes, which were \$256,000 under budget.
- Actual General Fund expenditures totaled \$74.0 million and were under budget by \$5.9 million. Departments experienced savings due to continued vigilance in monitoring city-wide expenditures. Significant areas of under-expenditure include reduced personnel costs – largely due to vacancies – and reduced professional services contracts and other miscellaneous expenditures.

## 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, 2019 totaled \$640.2 million (net of accumulated depreciation), a decrease of \$2.5 million from 2018. This investment in capital assets includes land, buildings, improvements, machinery and equipment, construction in progress, utility transmission/distribution systems, roads, bridges, and other infrastructure.

Major capital asset changes during the year include:

- Developer contributions resulted in an increase of \$3.3 million in utility infrastructure assets and \$2.2 million in governmental infrastructure assets.
- \$7.7 million was spent by proprietary funds on construction projects during the year.
- \$10.6 million was spent by governmental funds on construction projects during the year. Some of the larger projects in the governmental funds include:
  - \$1.8 million on Citywide Pavement Patching and Overlay
  - \$1.7 million on Local Street Pavement Reconstruction
  - \$1.4 million on A Street SE Preservation, Phase I
  - \$0.7 million on Brannan Park Synthetic Infield
  - \$0.6 million on Auburn Way South Sidewalk Improvements
  - \$0.3 million on Les Gove Park Improvements

A summary of the City’s capital assets follows:

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

	Governmental Activities		Business-type Activities		Total	
	As of 12/31/19	As of 12/31/2018	As of 12/31/19	As of 12/31/2018	As of 12/31/19	As of 12/31/2018
Land	\$ 108,893,205	\$ 108,890,255	\$ 12,543,322	\$ 12,533,022	\$ 121,436,527	\$ 121,423,277
Building	50,732,565	52,263,933	1,790,725	1,913,127	52,523,290	54,177,060
Site improvements	9,656,970	7,598,551	213,327,058	214,830,090	222,984,028	222,428,641
Equipment	8,915,018	8,909,039	268,881	282,411	9,183,899	9,191,450
Intangibles	(263,198)	(116,595)	5,954,358	5,701,772	5,691,160	5,585,177
Infrastructure	216,774,848	218,495,564	-	-	216,774,848	218,495,564
Construction in progress	6,513,599	8,984,615	5,078,048	2,425,272	11,591,647	11,409,887
	<u>\$ 401,223,007</u>	<u>\$ 405,025,362</u>	<u>\$ 238,962,392</u>	<u>\$ 237,685,694</u>	<u>\$ 640,185,399</u>	<u>\$ 642,711,056</u>

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

**Long-term Debt**

At the end of the current fiscal year, the City had total net bonded debt outstanding of \$66.5 million. Of this amount, \$17.8 million is due to other governments, \$24.8 million is general obligation bonds, and \$23.9 million is revenue bonds for the water, sewer and storm utilities. The City currently maintains a rating of Aa3 with Moody’s and a rating of AA+ with Standard & Poor’s for its general obligation debt.

The following schedule summarizes the City’s bonded debt:

**Summary of Bonded Debt**

	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 24,831,185	\$ -	\$ 24,831,185
Revenue bonds	-	23,860,000	23,860,000
Due to other governments	\$ 17,838,617	-	17,838,617
	<u>\$ 42,669,802</u>	<u>\$ 23,860,000</u>	<u>\$ 66,529,802</u>

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

**Other Long-Term Debt**

Public Works Trust Fund loans	\$ 8,264,306
Capital Leases	173,692
	<u>\$ 8,437,998</u>

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

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

## **Economic Factors**

Over the past year, economic conditions continued to improve locally. Real property values, which had finally recovered to pre-recession levels by 2016, grew an additional 8.6% in 2019, and property tax receipts grew by 2.3%. Retail sales tax receipts grew by 18.7%, and the rate of unemployment in the County and City remained low. At the same time, building permit revenues increased by 34% reflecting greatly improved construction activity relative to 2018.

While general economic conditions in the region improved in 2019 and the economic outlook for the City is generally positive, significant challenges to the City's overall financial condition remain. Most notable among these is the impact of the COVID-19 pandemic that began in early 2020 and whose effects cannot be measured or predicted with any certainty at this time. In addition, several areas at the Federal and State levels of government continue to cast a shadow, including the ongoing disagreements within the United States Congress on finding a long-term solution to fund governmental services as well as – at the State level – long-term fiscal challenges for addressing holes left by one-time budget fixes in the current budget and the need to fund basic education mandates. Additionally, the State and City continue to grapple with the financial impacts of the phase-out of streamlined sales tax revenue distributions to cities and the uncertainty of sales tax receipts on out-of-state sales under the new Marketplace Fairness Act.

Therefore, although the City has seen significant private investments in the community, including development within several blocks in downtown that will serve as a catalyst for future redevelopment, the City remains cautious and continues to vigilantly monitor and control its expenditures in order to live within the City's means.

## **Requests for Information**

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



## GOVERNMENT-WIDE FINANCIAL STATEMENTS

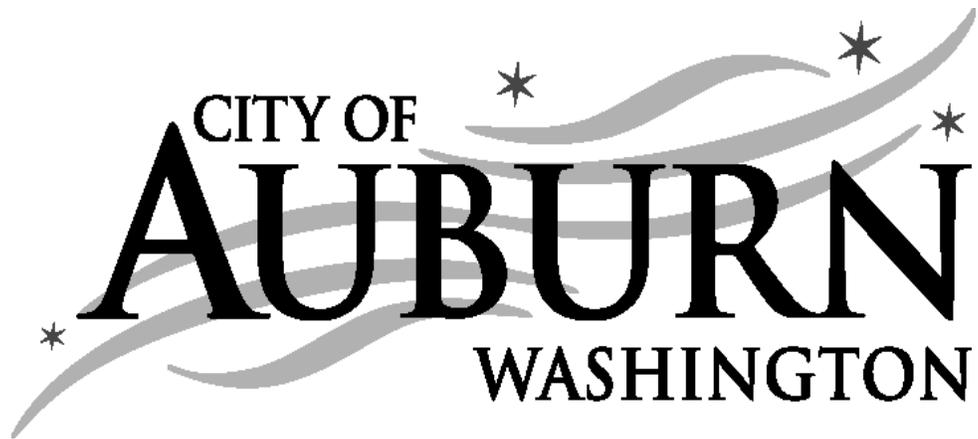
The City presents two government-wide financial statements.

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

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

### **The Statement of Activities**

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



City of Auburn, Washington  
**STATEMENT OF NET POSITION**  
 December 31, 2019

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS:</b>			
Cash and Cash Equivalents (Note 3)	\$ 47,225,749	\$ 42,832,547	\$ 90,058,296
Investments (Note 3)	19,288,650	10,967,898	30,256,548
Receivables			
Taxes	311,754	-	311,754
Customer Accounts	612,179	10,031,364	10,643,543
Other Receivables	2,613,801	33,957	2,647,758
Special Assessments	1,730	-	1,730
Due From Other Governmental Units (Note 6)	3,133,578	107,483	3,241,061
Internal Balances	(192,163)	192,163	-
Materials and Supplies Inventory	334,701	248,996	583,697
Restricted Assets:			
Temporarily Restricted:			
Cash and Cash Equivalents (Note 3)	25,530,340	6,598,620	32,128,960
Due From Other Governmental Units (Note 6)	1,044,336	-	1,044,336
Permanently Restricted:			
Cash and Cash Equivalents (Note 3)	1,826,063	-	1,826,063
Prepays	328,063	-	328,063
Long-Term Contracts and Notes	-	623,400	623,400
Net Pension Asset (Note 10)	11,081,510	-	11,081,510
Investment in Joint Ventures (Note 15)	37,958,253	-	37,958,253
Depreciable Capital Assets (Net of Accumulated Depreciation) (Note 7)	285,816,203	215,386,664	501,202,867
Non-Depreciable Capital Assets (Note 7)	115,406,804	23,575,728	138,982,532
<b>Total Assets</b>	<b>552,321,551</b>	<b>310,598,820</b>	<b>862,920,371</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred Outflows related to Pensions (Note 10)	2,732,297	858,180	3,590,477
<b>Total Deferred Outflow of Resources</b>	<b>2,732,297</b>	<b>858,180</b>	<b>3,590,477</b>
<b>LIABILITIES:</b>			
Accounts Payable	6,535,930	3,593,912	10,129,842
Other Liabilities Payable	2,365,232	-	2,365,232
Accrued Interest	-	1,353,171	1,353,171
Deposits	-	237,457	237,457
Bonds and Other Debt Payable:			
Due Within One Year (Note 9)	3,520,473	2,827,097	6,347,570
Due in More Than One Year (Note 9)	27,373,431	27,470,928	54,844,359
Due to Other Governmental Units:			
Due Within One Year (Note 9)	637,655	-	637,655
Due in More Than One Year (Note 9)	17,200,962	-	17,200,962
Net Pension Liability (Note 10)	6,221,663	3,154,018	9,375,681
Firemen's Pension Liability (Note 10)	3,452,448	-	3,452,448
Total OPEB Liability (Note 11)	13,702,359	-	13,702,359
<b>Total Liabilities</b>	<b>81,010,153</b>	<b>38,636,583</b>	<b>119,646,736</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred Inflows related to Pensions (Note 10)	7,404,879	1,718,451	9,123,330
<b>Total Deferred Inflows of Resources</b>	<b>7,404,879</b>	<b>1,718,451</b>	<b>9,123,330</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	372,887,236	212,172,136	585,059,372
Restricted:			
Capital Projects	30,407,688	-	30,407,688
Nonexpendable Permanent Endowment	1,826,063	-	1,826,063
Debt Service	1,917	1,564,892	1,566,809
Tourist Promotion	249,186	-	249,186
Drug Investigation and Enforcement	1,252,739	-	1,252,739
Community Development Block Grant Program	42,904	-	42,904
Central Business District Development	130,916	-	130,916
Rate Stabilization	-	436,817	436,817
Unrestricted	59,840,168	56,928,121	116,768,289
<b>Total Net Position</b>	<b>\$ 466,638,817</b>	<b>\$ 271,101,966</b>	<b>\$ 737,740,783</b>

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

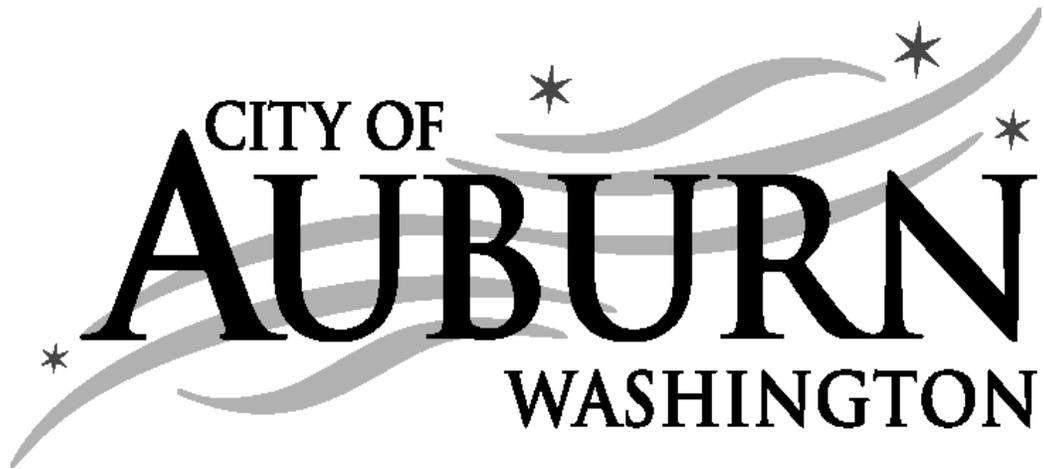
City of Auburn, Washington  
**STATEMENT OF ACTIVITIES**  
 For the Year Ended December 31, 2019

	Expenses	Program Revenues		
		Charges for Services and Fines	Operating Grants and Contributions	Capital Grants and Contributions
<b><u>FUNCTIONS / PROGRAMS:</u></b>				
<b>Primary Government</b>				
Governmental Activities:				
General Government	\$ 13,292,724	\$ 3,758,197	\$ 284,362	\$ 353,437
Public Safety	24,016,496	3,240,007	2,391,609	13,161
Transportation	17,709,231	3,207,197	18,524	4,226,943
Physical Environment	3,981,499	503,798	15,355	917,438
Culture and Recreation	13,400,311	3,183,370	630,354	457,627
Economic Environment	4,457,626	2,729,376	54,712	(38,000)
Health and Human Resources	619,247	-	-	531,221
Interest on Long-Term Debt	1,466,217	-	-	-
	<u>78,943,351</u>	<u>16,621,946</u>	<u>3,394,916</u>	<u>6,461,827</u>
Business-Type Activities				
Water	13,023,888	15,058,352	-	3,246,853
Sanitary Sewer	26,907,482	26,559,461	-	2,417,611
Storm Drainage	9,126,096	10,110,490	-	1,021,824
Solid Waste	15,682,121	15,847,088	106,286	-
Nonmajor Business-Type Activities	2,628,203	2,740,102	-	-
	<u>67,367,790</u>	<u>70,315,493</u>	<u>106,286</u>	<u>6,686,288</u>
<b>Total Primary Government</b>	<b>\$ 146,311,141</b>	<b>\$ 86,937,439</b>	<b>\$ 3,501,202</b>	<b>\$ 13,148,115</b>
General Revenues:				
Taxes:				
Property				
Retail Sales and Use				
Interfund Utility				
Utility				
Excise				
Other				
Investment Earnings				
Other Revenues				
Gain on Sale of Capital Assets				
Contributions to Endowment Funds				
Transfers (Note 5)				
Total General Revenues				
Change in Net Position				
Net Position, January 1				
Net Position, December 31				

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

Net (Expense) Revenue and  
Changes in Net Position

Governmental Activities	Business-Type Activity	Total
\$ (8,896,728)	\$ -	\$ (8,896,728)
(18,371,719)	-	(18,371,719)
(10,256,567)	-	(10,256,567)
(2,544,908)	-	(2,544,908)
(9,128,960)	-	(9,128,960)
(1,711,538)	-	(1,711,538)
(88,026)	-	(88,026)
(1,466,217)	-	(1,466,217)
<u>(52,464,662)</u>	<u>-</u>	<u>(52,464,662)</u>
-	5,281,317	5,281,317
-	2,069,590	2,069,590
-	2,006,218	2,006,218
-	271,253	271,253
-	111,899	111,899
-	<u>9,740,277</u>	<u>9,740,277</u>
<u>\$ (52,464,662)</u>	<u>\$ 9,740,277</u>	<u>\$ (42,724,385)</u>
\$ 22,075,276	\$ -	\$ 22,075,276
22,212,601	-	22,212,601
4,760,229	-	4,760,229
9,278,114	-	9,278,114
5,650,339	-	5,650,339
4,751,163	-	4,751,163
2,134,741	1,387,405	3,522,146
177,154	1,218,645	1,395,799
30,738	-	30,738
50,610	-	50,610
394,287	(394,287)	-
<u>71,515,252</u>	<u>2,211,763</u>	<u>73,727,015</u>
19,050,590	11,952,040	31,002,630
<u>447,588,227</u>	<u>259,149,926</u>	<u>706,738,153</u>
<u>\$ 466,638,817</u>	<u>\$ 271,101,966</u>	<u>\$ 737,740,783</u>



## MAJOR GOVERNMENTAL FUNDS

### **General Fund**

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

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

### **Arterial Street Fund**

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

### **Capital Improvement Projects Fund**

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

City of Auburn, Washington  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2019

	General Fund	Arterial Street	Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 16,326,901	\$ 2,075,979	\$ 13,693,328	\$ 24,252,772	\$ 56,348,980
Investments (Note 3)	17,774,830	-	-	1,513,820	19,288,650
Receivables:					
Taxes	311,754	-	-	-	311,754
Customer Accounts	449,181	-	8,679	81,015	538,875
Other Receivables	2,273,331	-	-	298,438	2,571,769
Special Assessments	-	-	-	1,730	1,730
Interfund Receivable (Note 5)	100,000	-	11,627	-	111,627
Inventories	36,097	-	-	-	36,097
Due From Other Governmental Units (Note 6)	3,110,872	69,760	201,163	773,413	4,155,208
Total Assets	<u>40,382,966</u>	<u>2,145,739</u>	<u>13,914,797</u>	<u>26,921,188</u>	<u>83,364,690</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES:</b>					
Liabilities:					
Current Payables	2,793,500	175,516	111,030	1,313,371	4,393,417
Customer Deposits	275,413	-	-	-	275,413
Interfund Payable (Note 5)	-	-	-	100,000	100,000
Other Liabilities Payable	10,426	-	-	1,956,955	1,967,381
Total Liabilities	<u>3,079,339</u>	<u>175,516</u>	<u>111,030</u>	<u>3,370,326</u>	<u>6,736,211</u>
Deferred Inflow of Resources:					
Unavailable Revenue-Special Assessments	-	-	-	1,730	1,730
Unavailable Revenue-Other	1,080,511	-	-	-	1,080,511
Total Deferred Inflow of Resources	<u>1,080,511</u>	<u>-</u>	<u>-</u>	<u>1,730</u>	<u>1,082,241</u>
Fund Balances: (Note 1)					
Nonspendable	36,097	-	-	-	36,097
Nonspendable Permanent Endowment	-	-	-	1,826,063	1,826,063
Restricted	-	1,970,223	12,453,057	17,662,070	32,085,350
Committed	-	-	-	3,172,152	3,172,152
Assigned	17,118,273	-	1,350,710	888,847	19,357,830
Unassigned	19,068,746	-	-	-	19,068,746
Total Fund Balances:	<u>36,223,116</u>	<u>1,970,223</u>	<u>13,803,767</u>	<u>23,549,132</u>	<u>75,546,238</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 40,382,966</u>	<u>\$ 2,145,739</u>	<u>\$ 13,914,797</u>	<u>\$ 26,921,188</u>	<u>\$ 83,364,690</u>

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

City of Auburn, Washington  
**RECONCILIATION OF BALANCE SHEET OF GOVERNMENT FUNDS TO THE STATEMENT OF NET POSITION**  
 December 31, 2019

Total governmental fund balances as reported on this statement		\$ 75,546,238
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in the governmental funds.		392,669,088
Other non-current assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Investment in Joint Ventures	20,119,636	
Prepays	328,063	
Interest receivable on investments	42,032	
Net pension asset	<u>7,629,062</u>	
		28,118,793
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the governmental funds.		
Unearned revenue beyond the city's 30-day measurable and available period	1,080,511	
Unavailable revenue reported for special assessments	<u>1,730</u>	
		1,082,241
Internal service funds are used by management to charge the cost of certain activities, such as insurance, fleet maintenance and information technology, to individual funds. The assets and liabilities of these internal service funds are included in governmental activities in the statement of net position.		23,281,318
Some liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Bonds and loans payable	(28,276,561)	
Premium on Bonds Payable	(33,602)	
Deferred amount on bond refunding	0	
Deferred amounts related to pensions	(4,321,657)	
Interest payable	(122,438)	
Net pension liability	(5,327,425)	
Net other postemployment obligations	(13,702,359)	
Compensated absences payable	<u>(2,274,818)</u>	
		(54,058,860)
Net position of government activities as reported on the statement of net position		<u>\$ 466,638,817</u>

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

City of Auburn, Washington  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
For the Year Ended December 31, 2019

	General Fund	Arterial Street	Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Taxes:					
Property	\$ 21,907,038	\$ -	\$ -	\$ 150,803	\$ 22,057,841
Retail Sales & Use	21,958,107	-	-	254,494	22,212,601
Interfund Utility	4,080,196	-	-	680,033	4,760,229
Utility	8,013,692	-	-	1,264,422	9,278,114
Excise	574,365	-	4,934,748	141,226	5,650,339
Other	-	-	-	73,577	73,577
Licenses and Permits	2,825,404	-	-	-	2,825,404
Intergovernmental	6,184,231	1,285,973	717,642	2,950,095	11,137,941
Charges for Services	7,533,100	-	8,679	2,925,424	10,467,203
Fines and Forfeitures	914,240	-	-	-	914,240
Special Assessments	-	-	-	2,807	2,807
Investment Earnings	933,545	42,765	297,347	494,085	1,767,742
Miscellaneous	1,265,078	-	6,901	1,134,312	2,406,291
Total Revenues	<u>76,188,996</u>	<u>1,328,738</u>	<u>5,965,317</u>	<u>10,071,278</u>	<u>93,554,329</u>
<b>EXPENDITURES:</b>					
Current:					
General Government	12,688,544	-	-	-	12,688,544
Security of Persons and Property	36,025,359	-	-	296,666	36,322,025
Physical Environment	4,372,251	-	-	-	4,372,251
Transportation	3,705,687	1,786,791	-	6,149,378	11,641,856
Economic Environment	3,808,850	-	-	890,702	4,699,552
Health and Human Services	619,247	-	-	-	619,247
Culture and Recreation	12,437,720	-	-	-	12,437,720
Debt Service:					
Principal	64,391	197,376	-	1,175,766	1,437,533
Interest and Other Costs	17,401	10,746	-	1,450,022	1,478,169
Capital Outlay	22,964	-	1,908,740	1,338,425	3,270,129
Total Expenditures	<u>73,762,414</u>	<u>1,994,913</u>	<u>1,908,740</u>	<u>11,300,959</u>	<u>88,967,026</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>2,426,582</u>	<u>(666,175)</u>	<u>4,056,577</u>	<u>(1,229,681)</u>	<u>4,587,303</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Insurance Recoveries	127,895	-	-	49,259	177,154
Transfers In (Note 5)	120,456	717,223	203,413	5,436,672	6,477,764
Transfers Out (Note 5)	(493,450)	(143,196)	(3,781,887)	(1,227,735)	(5,646,268)
Total Other Financing Sources and Uses	<u>(245,099)</u>	<u>574,027</u>	<u>(3,578,474)</u>	<u>4,258,196</u>	<u>1,008,650</u>
Net Change in Fund Balances	<u>2,181,483</u>	<u>(92,148)</u>	<u>478,103</u>	<u>3,028,515</u>	<u>5,595,953</u>
Fund Balances - January 1, as Previously Reported	34,041,633	2,062,371	13,325,664	20,520,617	69,950,285
Fund Balances - Ending	<u>\$ 36,223,116</u>	<u>\$ 1,970,223</u>	<u>\$ 13,803,767</u>	<u>\$ 23,549,132</u>	<u>\$ 75,546,238</u>

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

City of Auburn, Washington  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES**  
 For the Year Ended December 31, 2019

Net change in fund balances per the Statement of Revenues, Expenditures and Changes in Fund Balance		\$ 5,595,953
Amount reported as change in net position in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$10,686,911) exceeded depreciation (\$16,664,473) in the current period.		(5,977,562)
Certain Capital and Joint Venture activities do not use or provide current financial resources but increase net position.		9,981,370
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Property taxes	17,435	
Special assessments	(3,220)	
Other unavailable revenue	25,205	
Amortization of bond premium	5,600	
Investment interest receivable	(14,266)	
	30,753	
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.		2,211,011
Repayment of the principal of long-term debt consumes the current financial resources of governmental funds but has no effect on the net position.		1,432,137
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.		1,052,595
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Amortization of prepaids	(109,355)	
Change in accrued interest payable	4,503	
Change in net pension obligation or asset	2,339,772	
Change in net other postemployment benefits	2,526,506	
Change in compensated absences payable	(37,094)	
	4,724,332	
Change in net position on the Statement of Activities		\$ 19,050,590

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

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

For the Year Ended December 31, 2019

	Budget Amounts		Actual Results	Variance with Final Budget Positive (Negative)
	Original (GAAP Basis)	Final Adopted (GAAP Basis)		
<b>REVENUES:</b>				
Taxes:				
Property	\$ 21,550,000	\$ 21,825,000	\$ 21,907,038	\$ 82,038
Retail Sales & Use	20,840,500	20,840,500	21,958,107	1,117,607
Interfund Utility	4,035,600	4,035,600	4,080,196	44,596
Utility	8,311,900	8,311,900	8,013,692	(298,208)
Excise	465,500	288,500	574,365	285,865
Licenses and Permits	1,837,900	1,837,900	2,825,404	987,504
Intergovernmental	5,782,600	6,444,450	6,103,845	(340,605)
Charges for Services	7,026,980	7,206,090	7,533,100	327,010
Fines and Forfeitures	859,500	859,500	914,240	54,740
Investment Earnings	348,700	350,500	617,432	266,932
Miscellaneous	980,900	1,049,700	1,265,078	215,378
Total Revenues	<u>72,040,080</u>	<u>73,049,640</u>	<u>75,792,497</u>	<u>2,742,857</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	13,009,763	13,809,100	12,688,544	1,120,556
Security of Persons and Property	37,709,746	37,902,446	35,819,459	2,082,987
Physical Environment	4,734,283	4,907,683	4,372,251	535,432
Transportation	4,041,472	4,041,472	3,705,687	335,785
Economic Environment	3,827,098	4,764,821	3,808,850	955,971
Health and Human Services	1,135,092	769,222	619,247	149,975
Culture and Recreation	12,788,801	13,042,151	12,437,720	604,431
Debt Service	79,400	79,400	81,792	(2,392)
Capital Outlay	10,000	85,000	22,964	62,036
Total Expenditures	<u>77,335,655</u>	<u>79,401,295</u>	<u>73,556,514</u>	<u>5,844,781</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(5,295,575)</u>	<u>(6,351,655)</u>	<u>2,235,983</u>	<u>8,587,638</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Insurance Recoveries	25,000	125,000	127,895	2,895
Transfers In (Note 5)	80,906	120,506	120,456	(50)
Transfers Out (Note 5)	(452,510)	(576,810)	(493,450)	83,360
Total Other Financing Sources and Uses	<u>(346,604)</u>	<u>(331,304)</u>	<u>(245,099)</u>	<u>86,205</u>
Net Change in Fund Balances	<u>(5,642,179)</u>	<u>(6,682,959)</u>	<u>1,990,884</u>	<u>8,673,843</u>
Fund Balances - Beginning	18,037,042	21,650,276	21,650,276	-
Fund Balances - Ending	<u>\$ 12,394,863</u>	<u>\$ 14,967,317</u>	<u>\$ 23,641,160</u>	<u>\$ 8,673,843</u>

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

The Cumulative Reserve Fund is combined with the General Fund for purposes of GASB Statement 54	10,425,515
The Fire, Relief & Pension Fund is combined with the General Fund for purposes of GASB Statement 73	2,156,441
Fund Balance - Ending (GAAP)	<u>\$ 36,223,116</u>

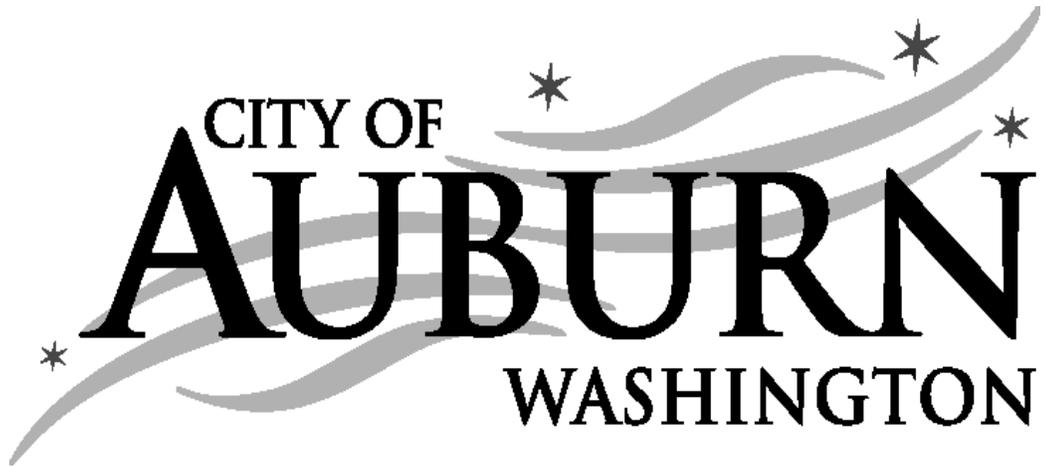
The notes to the basic financial statements are an integral part of this statement.

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

For the Year Ended December 31, 2019

	Budget Amounts		Actual Results	Variance with Final Budget Positive (Negative)
	Original (GAAP Basis)	Final Adopted (GAAP Basis)		
<b>REVENUES:</b>				
Intergovernmental	\$1,059,450	\$2,969,781	\$1,285,973	(\$1,683,808)
Investment Earnings	28,300	28,300	42,765	14,465
Total Revenues	<u>1,087,750</u>	<u>2,998,081</u>	<u>1,328,738</u>	<u>(1,669,343)</u>
<b>EXPENDITURES:</b>				
Current:				
Transportation	1,573,100	5,074,958	1,786,791	3,288,167
Debt Service				
Principal	197,400	197,400	197,376	24
Interest and Other Costs	10,900	10,900	10,746	154
Total Expenditures	<u>1,781,400</u>	<u>5,283,258</u>	<u>1,994,913</u>	<u>3,288,345</u>
<b>Excess (Deficiency) of Revenues Over (Under Expenditures)</b>	<u>(693,650)</u>	<u>(2,285,177)</u>	<u>(666,175)</u>	<u>1,619,002</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In (Note 5)	545,350	1,595,960	717,223	(878,737)
Transfers Out (Note 5)	-	(143,196)	(143,196)	-
Total Other Financing Sources and Uses	<u>545,350</u>	<u>1,452,764</u>	<u>574,027</u>	<u>(878,737)</u>
Net Change in Fund Balances	<u>(148,300)</u>	<u>(832,413)</u>	<u>(92,148)</u>	<u>740,265</u>
Fund Balances - Beginning	1,492,777	2,062,371	2,062,371	-
Fund Balances - Ending	<u>\$ 1,344,477</u>	<u>\$ 1,229,958</u>	<u>\$ 1,970,223</u>	<u>\$ 740,265</u>

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



## MAJOR PROPRIETARY FUNDS

### ENTERPRISE FUNDS

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

#### **The Water Fund**

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

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

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

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

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

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

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

City of Auburn, Washington  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
 December 31, 2019

	Enterprise Funds						Governmental Activities
	Water	Sanitary Sewer	Storm Drainage	Solid Waste	Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>ASSETS:</b>							
Current Assets							
Cash and Cash Equivalents	\$ 9,568,609	\$ 13,572,363	\$ 12,738,639	\$ 4,788,609	\$ 2,164,327	\$ 42,832,547	\$ 18,233,172
Investments	-	6,578,855	4,389,043	-	-	10,967,898	-
Restricted Cash:							
Bond Payments	1,672,123	534,067	800,093	-	-	3,006,283	-
Customer Deposits	40,062	77,353	3,422	-	116,620	237,457	-
Other	1,627,520	516,075	1,211,285	-	-	3,354,880	-
Customer Accounts	1,912,797	3,971,951	1,631,660	2,502,447	12,509	10,031,364	73,304
Other Receivables	-	19,200	14,757	-	-	33,957	-
Due From Other Governmental Units	-	-	-	60,674	46,809	107,483	22,706
Inventories	189,071	9,220	9,099	-	41,606	248,996	298,604
Total Current Assets	15,010,182	25,279,084	20,797,998	7,351,730	2,381,871	70,820,865	18,627,786
Noncurrent Assets							
Long-Term Contracts and Notes	-	623,400	-	-	-	623,400	-
Capital Assets:							
Land	897,971	1,695,023	5,937,014	-	4,013,314	12,543,322	-
Intangible - Water Rights	5,954,358	-	-	-	-	5,954,358	-
Buildings and Equipment	2,509,599	1,304,180	290,575	496,617	4,076,062	8,677,033	26,795,740
Improvements Other Than Buildings	145,175,810	106,432,969	82,903,631	-	11,162,095	345,674,505	451,264
Construction in Progress	3,488,784	243,140	648,531	-	697,593	5,078,048	34,727
Less: Accumulated Depreciation	(61,794,767)	(36,119,969)	(30,484,869)	(487,208)	(10,078,061)	(138,964,874)	(18,727,810)
Total Capital Assets (Net of A/D)	96,231,755	73,555,343	59,294,882	9,409	9,871,003	238,962,392	8,553,921
Total Noncurrent Assets	96,231,755	74,178,743	59,294,882	9,409	9,871,003	239,585,792	8,553,921
Total Assets	111,241,937	99,457,827	80,092,880	7,361,139	12,252,874	310,406,657	27,181,707
<b>DEFERRED OUTFLOW OF RESOURCES:</b>							
Deferred Outflow related to Pensions	296,941	187,172	274,851	49,420	49,796	858,180	297,246
	296,941	187,172	274,851	49,420	49,796	858,180	297,246
<b>LIABILITIES:</b>							
Current Liabilities:							
Current Payables	971,724	515,602	578,689	1,415,035	112,862	3,593,912	1,210,513
Claims Payable (Incurred but not Reported)	-	-	-	-	-	-	932,000
Interfund Payables (Note 5)	-	-	-	-	11,627	11,627	-
Loans Payable - Current	467,646	288,262	-	-	-	755,908	-
Employee Leave Benefits - Current	128,188	94,806	154,609	-	18,586	396,189	223,826
Revenue Bonds Payable - Current	935,347	287,235	452,418	-	-	1,675,000	-
Payable From Restricted Assets:							
Accrued Interest	754,158	251,338	347,675	-	-	1,353,171	-
Deposits	40,062	77,353	3,422	-	116,620	237,457	-
Other Liabilities Payable	-	-	-	-	-	-	25,610
Total Current Liabilities	3,297,125	1,514,596	1,536,813	1,415,035	259,695	8,023,264	2,391,949
Noncurrent Liabilities							
Employee Leave Benefits	34,069	25,197	41,091	-	4,940	105,297	59,487
Loans Payable	2,697,219	1,513,884	-	-	-	4,211,103	-
Revenue Bonds Payable	12,972,571	3,631,296	6,550,661	-	-	23,154,528	-
Net Pension Liability	1,937,559	599,334	527,198	87,217	2,710	3,154,018	894,238
Total Noncurrent Liabilities	17,641,418	5,769,711	7,118,950	87,217	7,650	30,624,946	953,725
Total Liabilities	20,938,543	7,284,307	8,655,763	1,502,252	267,345	38,648,210	3,345,674
<b>DEFERRED INFLOW OF RESOURCES:</b>							
Deferred Inflow related to Pensions	639,878	372,964	548,150	67,602	89,857	1,718,451	648,171
<b>NET POSITION:</b>							
Net Investment in Capital Assets:	80,831,095	68,368,733	53,091,896	9,409	9,871,003	212,172,136	8,528,311
Restricted for:							
Debt Service	873,362	264,737	426,793	-	-	1,564,892	-
Rate Stabilization	-	-	436,817	-	-	436,817	-
Unrestricted	8,256,000	23,354,258	17,208,312	5,831,296	2,074,465	56,724,331	14,956,797
Total Net Position	\$ 89,960,457	\$ 91,987,728	\$ 71,163,818	\$ 5,840,705	\$ 11,945,468	\$ 270,898,176	\$ 23,485,108

Adjustment to reflect the consolidation  
of internal service funds related to  
enterprise funds  
Net position of business-type activities

203,790  
\$ 271,101,966

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

City of Auburn, Washington  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
For the Year Ended December 31, 2019

	Enterprise Funds					Governmental Activities	
	Water	Sanitary Sewer	Storm Drainage	Solid Waste	Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>OPERATING REVENUES:</b>							
Charges of Services	\$ 15,057,517	\$ 26,559,461	\$ 10,110,490	\$ 15,847,088	\$ 1,843,691	\$ 69,418,247	\$ 14,033,409
Other Operating Revenue	835	-	-	-	896,411	897,246	250,797
Total Operating Revenue	<u>15,058,352</u>	<u>26,559,461</u>	<u>10,110,490</u>	<u>15,847,088</u>	<u>2,740,102</u>	<u>70,315,493</u>	<u>14,284,206</u>
<b>OPERATING EXPENSES:</b>							
Operations & Maintenance	3,789,093	19,553,676	3,509,728	13,812,771	1,662,348	42,327,616	11,125,575
Administration	4,727,971	4,519,668	3,230,505	1,850,531	475,119	14,803,794	1,021,838
Depreciation / Amortization	3,848,016	2,275,905	2,092,443	18,819	457,891	8,693,074	1,556,194
Other Operating Expenses	-	-	-	-	18,049	18,049	-
Total Operating Expenses	<u>12,365,080</u>	<u>26,349,249</u>	<u>8,832,676</u>	<u>15,682,121</u>	<u>2,613,407</u>	<u>65,842,533</u>	<u>13,703,607</u>
Operating Income (Loss)	<u>2,693,272</u>	<u>210,212</u>	<u>1,277,814</u>	<u>164,967</u>	<u>126,695</u>	<u>4,472,960</u>	<u>580,599</u>
<b>NON-OPERATING REVENUE (EXPENSE):</b>							
Interest Revenue	261,654	451,889	518,073	106,106	49,683	1,387,405	387,970
Other Non-Operating Revenue	589,809	279,452	81,307	78,800	295,563	1,324,931	164,832
Gain on Sale of Capital Assets	-	-	-	-	-	-	30,738
Interest Expense	(658,808)	(231,100)	(293,420)	-	-	(1,183,328)	(1,468)
Other Non-Operating Expenses	-	-	-	-	(14,796)	(14,796)	-
Total Non-Operating Revenue (Expense)	<u>192,655</u>	<u>500,241</u>	<u>305,960</u>	<u>184,906</u>	<u>330,450</u>	<u>1,514,212</u>	<u>582,072</u>
Income (Loss) Before Contributions & Transfers	<u>2,885,927</u>	<u>710,453</u>	<u>1,583,774</u>	<u>349,873</u>	<u>457,145</u>	<u>5,987,172</u>	<u>1,162,671</u>
Capital Contribution	3,246,853	2,417,611	1,021,824	-	-	6,686,288	-
Transfers In (Note 5)	39,258	-	-	-	350,000	389,258	325,667
Transfers Out (Note 5)	<u>(147,002)</u>	<u>(64,119)</u>	<u>(138,357)</u>	<u>(10,797)</u>	<u>(423,270)</u>	<u>(783,545)</u>	<u>(762,876)</u>
Change in Net Position	<u>6,025,036</u>	<u>3,063,945</u>	<u>2,467,241</u>	<u>339,076</u>	<u>383,875</u>	<u>12,279,173</u>	<u>725,462</u>
Net Position, January 1	<u>83,935,421</u>	<u>88,923,783</u>	<u>68,696,577</u>	<u>5,501,629</u>	<u>11,561,593</u>	<u>258,619,003</u>	<u>22,759,646</u>
Net Position, December 31	<u>\$ 89,960,457</u>	<u>\$ 91,987,728</u>	<u>\$ 71,163,818</u>	<u>\$ 5,840,705</u>	<u>\$ 11,945,468</u>	<u>\$ 270,898,176</u>	<u>\$ 23,485,108</u>
						Change in net position from this statement	12,279,173
						Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(327,133)
						Change in net position of business-type activities	<u>\$ 11,952,040</u>

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

City of Auburn, Washington  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended December 31, 2019

Page 1 of 2

	Water	Sanitary Sewer	Storm Drainage	Solid Waste	Non Major Enterprise Funds	Total	Government Activities Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Cash Received from Users	\$ 14,991,609	\$ 26,085,724	\$ 9,584,802	\$ 15,122,021	\$ 2,744,307	\$ 68,528,463	\$ 14,351,208
Cash Paid to Suppliers for Goods & Services	(4,475,496)	(21,444,326)	(2,682,963)	(15,276,912)	(1,134,716)	(45,014,413)	(7,492,481)
Cash Paid for Taxes	-	-	-	-	(18,063)	(18,063)	-
Cash Paid to Employees	(4,183,678)	(2,698,923)	(4,054,845)	(527,527)	(1,091,774)	(12,556,747)	(5,181,656)
Other Cash Received	76,352	-	-	-	-	76,352	200,408
Other Non-Operating Revenue	-	-	-	-	39,252	39,252	-
Net Cash Provided (Used) by Operating Activities	<u>6,408,787</u>	<u>1,942,475</u>	<u>2,846,994</u>	<u>(682,418)</u>	<u>539,006</u>	<u>11,054,844</u>	<u>1,877,479</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>							
Interfund Loan Payable	-	-	-	-	(41,583)	(41,583)	-
Operating Grant	523,727	279,452	184,650	67,443	256,311	1,311,583	20,000
Transfers In	39,258	-	-	-	350,000	389,258	325,667
Transfers Out	(147,002)	(64,119)	(138,357)	(10,797)	(423,270)	(783,545)	(762,876)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>415,983</u>	<u>215,333</u>	<u>46,293</u>	<u>56,646</u>	<u>141,458</u>	<u>875,713</u>	<u>(417,209)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
Proceeds from Sale of Equipment	-	-	-	-	-	-	64,661
Purchase of Capital Assets	(3,849,136)	(959,198)	(1,556,347)	-	(350,156)	(6,714,837)	(1,585,050)
Contributed Capital	1,279,873	1,523,284	628,194	-	-	3,431,351	-
Capital Grants	-	-	-	-	4,953	4,953	-
Proceeds from Insurance Settlement	4,068	-	-	-	-	4,068	1,353
Principal Payment on Debt	(1,552,106)	(563,221)	(437,948)	-	(186,420)	(2,739,695)	-
Interest Payment on Debt	(744,204)	(251,665)	(338,465)	-	(3,878)	(1,338,212)	(1,468)
Debt Proceeds	39,258	-	-	-	-	39,258	-
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(4,822,247)</u>	<u>(250,800)</u>	<u>(1,704,566)</u>	<u>-</u>	<u>(535,501)</u>	<u>(7,313,114)</u>	<u>(1,520,504)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>							
Proceeds from Sale of Investments	-	-	3,019,604	-	-	3,019,604	-
Purchase of Investments	-	(4,499,802)	(2,499,824)	-	-	(6,999,626)	-
Interest Received	261,654	377,496	390,474	106,106	49,683	1,185,413	387,970
Net Cash Provided (Used) in Investing Activities	<u>261,654</u>	<u>(4,122,306)</u>	<u>910,254</u>	<u>106,106</u>	<u>49,683</u>	<u>(2,794,609)</u>	<u>387,970</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>2,264,177</u>	<u>(2,215,298)</u>	<u>2,098,975</u>	<u>(519,666)</u>	<u>194,646</u>	<u>1,822,834</u>	<u>327,736</u>
Cash and Cash Equivalents - Beginning of Year	<u>10,644,137</u>	<u>16,915,156</u>	<u>12,654,464</u>	<u>5,308,275</u>	<u>2,086,301</u>	<u>47,608,333</u>	<u>17,905,436</u>
Cash and Cash Equivalents - End of Year	<u>\$ 12,908,314</u>	<u>\$ 14,699,858</u>	<u>\$ 14,753,439</u>	<u>\$ 4,788,609</u>	<u>\$ 2,280,947</u>	<u>\$ 49,431,167</u>	<u>\$ 18,233,172</u>
<b>CASH AT END OF YEAR CONSISTS OF:</b>							
Cash and Cash Equivalents	9,568,609	13,572,363	12,738,639	4,788,609	2,164,327	42,832,547	18,233,172
Restricted Cash - Bond Payments	1,672,123	534,067	800,093	-	-	3,006,283	-
Restricted Cash - Customer Deposits	40,062	77,353	3,422	-	116,620	237,457	-
Restricted Cash - Other	1,627,520	516,075	1,211,285	-	-	3,354,880	-
Total Cash	<u>\$ 12,908,314</u>	<u>\$ 14,699,858</u>	<u>\$ 14,753,439</u>	<u>\$ 4,788,609</u>	<u>\$ 2,280,947</u>	<u>\$ 49,431,167</u>	<u>\$ 18,233,172</u>

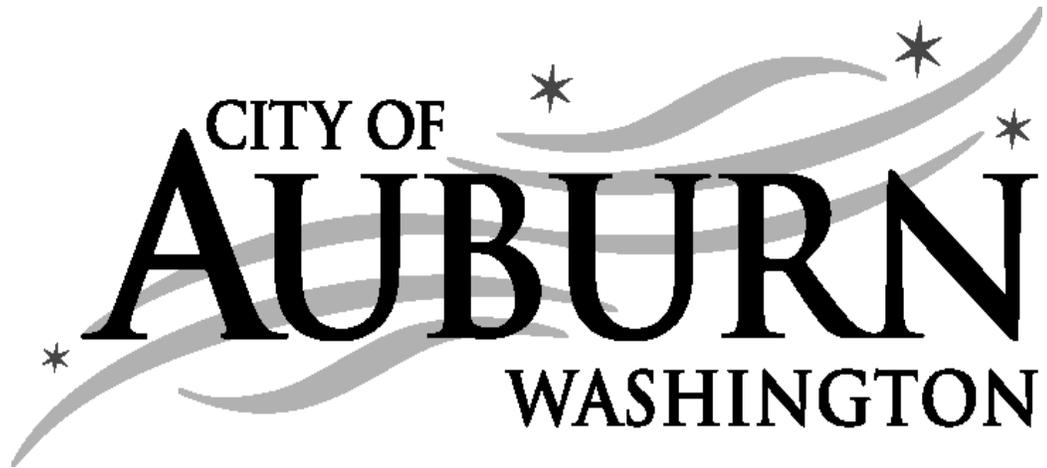
The notes to the basic financial statements are an integral part of this statement.

City of Auburn, Washington  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended December 31, 2019

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	Water	Sanitary Sewer	Storm Drainage	Solid Waste	Non Major Enterprise Funds	Total	Government Activities Internal Service Funds
<b>RECONCILIATION OF NET OPERATING INCOME TO NEW CASH PROVIDED BY OPERATING ACTIVITIES</b>							
Operating Income (Loss)	\$ 2,693,272	\$ 210,212	\$ 1,277,814	\$ 164,967	\$ 126,695	\$ 4,472,960	\$ 580,599
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>							
Depreciation	3,848,016	2,275,905	2,092,443	18,819	457,891	8,693,074	1,556,194
Other Non-Operating Revenue	70,535	-	-	-	39,252	109,787	192,380
Asset (Increases) Decreases:							
Accounts Receivable	(60,926)	(455,790)	(525,688)	(725,067)	(12,079)	(1,779,550)	75,030
Inventory	(5,819)	(904)	(4,304)	-	(33,902)	(44,929)	(61,398)
Liability Increases (Decreases):							
Accounts & Vouchers Payable	127,936	122,973	290,171	(52,912)	9,405	497,573	(70,346)
Deposits Payable	-	(17,947)	-	-	16,284	(1,663)	-
Wages & Benefits Payable	(260,192)	(168,980)	(266,123)	(56,629)	(66,257)	(818,181)	(337,690)
Compensated Absences Payable	(4,035)	(22,994)	(17,319)	(31,596)	1,717	(74,227)	(57,290)
Total Adjustments	3,715,515	1,732,263	1,569,180	(847,385)	412,311	6,581,884	1,296,880
Net Cash Provided (Used) by Operating Activities	<u>\$ 6,408,787</u>	<u>\$ 1,942,475</u>	<u>\$ 2,846,994</u>	<u>\$ (682,418)</u>	<u>\$ 539,006</u>	<u>\$ 11,054,844</u>	<u>\$ 1,877,479</u>
<b>SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>							
Capital Assets Acquired by Contributed Capital	1,966,980	894,327	393,630	-	-	3,254,937	-
Increase (Decrease) in Fair Value of Investment	-	74,393	127,599	-	-	201,992	-
Total Non Cash Investing, Capital and Financing Activities	<u>\$ 1,966,980</u>	<u>\$ 968,720</u>	<u>\$ 521,229</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,456,929</u>	<u>\$ -</u>

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



## FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the City of Auburn as a trustee or agent for various individuals, private organizations, and other governmental units.

### FIDUCIARY FUNDS

#### **Agency Fund**

*This fund accounts for the funds over which the City is strictly a short-term custodian. The agency fund is custodial in nature.*

City of Auburn, Washington  
**STATEMENT OF FIDUCIARY NET POSITION**  
 December 31, 2019

	Agency Fund
<hr/>	
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 1,329,046
Receivables:	
Customer Accounts	<u>14,165</u>
Total Assets	<u>1,343,211</u>
 <b>LIABILITIES:</b>	
Current Payables	896,538
Due to Other Governmental Units	<u>446,673</u>
Total Liabilities	<u>1,343,211</u>

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

City of Auburn

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2019

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

**A. Reporting Entity**

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

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

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

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

**B. Basic Financial Statements**

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

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

The Statement of Net Position reports the assets, deferred outflows of resources, deferred inflows and liabilities of the primary government. The net position section of this statement represents the residual amount of assets and their associated liabilities, deferred outflow and deferred inflows of resources. The net position section is divided into three categories. The first category is *Net Investment in Capital Assets*, which includes all capital assets, net of accumulated depreciation, less the outstanding balances of any borrowing (bonds, loans) used for acquisition, construction, or improvement of those assets. Capital assets cannot readily be sold and converted into cash. The second category is *Restricted Net Position*, which includes those assets, net of their related debt that have a constraint placed on their use. The constraints are either: 1) externally imposed by creditors, such as through

debt covenants, grantors, contributors, or laws and regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. The final section is *Unrestricted Net Position*, and this represents net position that generally can be used for any purpose. However, they are not necessarily in a spendable form, such as cash.

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

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

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

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

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

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

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

*Property Taxes* – King County and Pierce County collect property taxes and remit to the City daily or monthly.

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

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

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

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

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

### 1. Governmental Fund Types

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

- a. General fund – This fund is used to account for all financial resources and transactions of the City not accounted for in another fund, as required. The general fund is always considered a major fund.
- b. Special Revenue funds – These funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. One special revenue fund is considered major: the arterial street fund. This fund is supported by the State of Washington’s motor vehicle fuel tax and by various grants is used for major street construction.
- c. Debt Service funds – These funds account for the accumulation of resources for, and the payment of, general long-term and special assessment debt principal, interest, and related costs. These funds also include the local improvement districts (LID) guarantee fund which provides financial security for outstanding LID bonds. No debt service funds are considered major funds and are reported within the “Other Governmental Funds”.
- d. Capital Projects funds – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds. One capital project fund is considered major: the capital improvement projects fund. This fund accounts for major capital acquisitions, and street and parks construction projects.
- e. Permanent funds – These funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes of supporting a specific City program. The city has one permanent fund, Cemetery Endowment.

### 2. Proprietary Fund Types

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

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

and expenses, or as capital contributions. Substantially all proprietary fund operating revenues are used as security for revenue bonds.

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

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

### 3. Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Fiduciary funds are classified for accounting measurement purposes as either a governmental fund or a proprietary fund. The city has a fiduciary fund, an Agency Fund. The Agency fund is custodial in nature on behalf of another individual, entity, or government and does not involve a measurement of results of operations.

## D. Budget and Budgetary Accounting

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

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

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

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

- a. Sixty days prior to each odd numbered fiscal year, the Mayor submits to the City Council a preliminary budget for the biennium commencing the following January 1<sup>st</sup>. The operating budget includes proposed expenditures and funding sources.
- b. Public hearings are conducted at the Auburn City Council Meetings to obtain taxpayer comments.

- c. Prior to December 31<sup>st</sup>, the budget is legally enacted through passage of an ordinance.
- d. The final operating budget as adopted is published and distributed after adoption. Copies of the budget are made available to the public.

### ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS

	Original Budget	Revisions	Final Budget
<b>Governmental Funds</b>			
General Fund	\$ 77,788,165	\$ 2,189,940	\$ 79,978,105
Total Governmental Funds	77,788,165	2,189,940	79,978,105
<b>Special Revenue Funds:</b>			
Local Street	\$ 2,605,900	\$ 899,476	\$ 3,505,376
Arterial Street	1,781,400	3,645,054	5,426,454
Hotel/Motel Tax	160,050	41,650	201,700
Arterial Street Preservation	3,172,240	2,551,313	5,723,553
Drug Forfeiture Fund	298,037	27,000	325,037
Housing and Community Development	590,000	309,900	899,900
Recreation Trails	-	-	-
Business Improvement Area	90,000	5,400	95,400
Cumulative Reserve	142,200	-	142,200
Mitigation Fees	2,980,350	1,481,056	4,461,406
Total Special Revenue Funds	11,820,177	8,960,849	20,781,026
<b>Total Budgeted Funds</b>	<b>\$ 89,608,342</b>	<b>\$ 11,150,789</b>	<b>\$ 100,759,131</b>

## E. Assets, Liabilities, and Fund Balance

### 1. Deposits and Investments

It is the City's policy to invest all temporary cash surplus. At December 31, 2019, the Washington State Local Government Investment Pool (LGIP) was holding \$103,020,585 in short-term investments. This amount is classified on the Statement of Net Position as cash and cash equivalents. The interest on these investments is prorated to the various funds based upon ownership of investments. For purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on deposit with financial institutions in both demand and time deposit accounts, and amounts invested in the Local Government Investment Pool, administered by the State Treasurer's Office. 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 or amortized cost. 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 amortized cost.

## **2. Receivables**

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

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

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

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

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

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

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

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

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

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

## **6. Restricted Assets**

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

## **7. Interfund Transactions**

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

## 8. Capital Assets

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

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

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

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

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

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

## 9. Pensions

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

## 10. Deferred Outflows/Inflows of Resources

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

**11. Compensated Absences**

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

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

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

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

**12. Unearned Revenues**

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

**13. Net Position Components – Proprietary Funds**

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

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

**14. Fund Balance Components – Governmental Funds**

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

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

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

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

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

The following shows the composition of the fund balance of the governmental funds for the fiscal year ended December 31, 2019:

**Governmental Fund Balances**  
December 31, 2019

	General Fund	Major		Other Governmental Funds	Total Governmental Funds
		Arterial Street Fund	Capital Improvement Fund		
<b>Nonspendable</b>					
Inventory	\$ 36,097	\$ -	\$ -	\$ -	\$ 36,097
Cemetery Endowment	-	-	-	1,826,063	1,826,063
Total Nonspendable	36,097	-	-	1,826,063	1,862,160
<b>Restricted</b>					
Major Street Construction	-	1,970,223	-	-	1,970,223
REET 1 Allowable Projects	-	-	7,156,366	-	7,156,366
REET 2 Allowable Projects	-	-	5,296,691	-	5,296,691
Arterial Street Preservation Fund	-	-	-	1,226,279	1,226,279
Parks and Trails Construction Projects	-	-	-	665,416	665,416
City Tourism Promotion	-	-	-	249,186	249,186
Drug Investigation and Enforcement	-	-	-	1,252,739	1,252,739
Community Development Block Grant Program	-	-	-	42,904	42,904
Recreational Trail Development	-	-	-	72,876	72,876
Downtown Business Area Improvements	-	-	-	130,916	130,916
Street and Fire Service Mitigation Fees	-	-	-	14,019,837	14,019,837
Debt Service	-	-	-	1,917	1,917
Total Restricted	-	1,970,223	12,453,057	17,662,070	32,085,350
<b>Committed</b>					
Local Street Improvements (Save our Streets)	-	-	-	2,478,880	2,478,880
Arterial Street Preservation	-	-	-	693,272	693,272
Total Committed	-	-	-	3,172,152	3,172,152
<b>Assigned</b>					
Appropriations Over Estimated Revenue	17,118,273	-	-	-	17,118,273
Arterial Street Preservation Fund	-	-	1,350,710	122,368	1,473,078
Drug Investigation and Enforcement	-	-	-	25,234	25,234
Recreation Trail Development	-	-	-	1,549	1,549
Downtown Business Area Improvements	-	-	-	2,909	2,909
Local Street Improvements	-	-	-	71,732	71,732
School Administration Fees	-	-	-	84,251	84,251
Cemetery Capital Enhancement and Maintenance	-	-	-	162,983	162,983
Downtown Infrastructure Improvements	-	-	-	379,739	379,739
Debt Service	-	-	-	38,082	38,082
Total Assigned	17,118,273	-	1,350,710	888,847	19,357,830
<b>Unassigned</b>					
Unassigned	19,068,746	-	-	-	19,068,746
Total Unassigned	19,068,746	-	-	-	19,068,746
<b>Total Fund Balances</b>	<b>\$ 36,223,116</b>	<b>\$ 1,970,223</b>	<b>\$ 13,803,767</b>	<b>\$ 23,549,132</b>	<b>\$ 75,546,238</b>

## F. Revenues, Expenditures and Expenses

Operating revenues and expenses for the proprietary fund are those that result from providing services and producing and delivering goods and/or services in connection with a proprietary fund's principal ongoing operations. For the city, operating expenses for proprietary funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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, 2019, the carrying amount of the City's cash demand deposits with Key Bank totaled \$11,841,707 while the bank balance was \$12,855,998. In addition, the balance of the City's interest bearing checking account with Opus Bank totaled \$10,461,275. Furthermore, there was \$18,800 in petty cash (\$10,000 in the Drug Forfeiture Fund to be used for enforcements purposes, \$8,800 in various petty cash and cashier change funds).

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

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

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

As required by State law, all investments of the City's funds are obligations of the U.S. Government, or deposits with Washington State banks that participate in the WPDPC. Pension and permanent funds are not subject to these limitations. All temporary investments such as the State Investment Pool are stated at amortized cost. Other investments are shown on the statement of net position at fair value as of December 31, 2019. In accordance with GASB Statement 79, the state investment pool (LGIP) is reported at amortized cost. The LGIP meets the maturity, quality, diversification and liquidity requirements as set forth in GASB Statement 79. The LGIP is an unrated external investment pool, and was authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at <http://www.tre.wa.gov>.

During 2019, the net increase in the fair value of investments being held for more than one year is \$475,502 at year-end.

As of December 31, 2019, the City had the following investments and maturities:

Schedule of Investments by Maturities  
As of December 31, 2019

Investment Type	Fair Value	Investment maturities			
		Less than 1 year	1 to 2 years	2 to 3 years	Greater than 3 years
US Agency	\$ 28,499,705	\$ 19,325,391	\$ 7,172,114	\$ -	\$ 2,002,200
Municipal Bond	1,756,843	1,756,843	-	-	-
	<u>\$ 30,256,548</u>	<u>\$ 21,082,234</u>	<u>\$ 7,172,114</u>	<u>\$ -</u>	<u>\$ 2,002,200</u>

Reconciliation to government-wide statement of net position:

Total investments above	\$ 30,256,548
Plus: cash in checking	22,302,980
Plus: petty cash	18,800
Less: cash investments in fiduciary funds	(1,329,046)
Total cash and investments at fair value	<u>\$ 51,249,282</u>

Investment Type	Amortized Cost				
State investment pool (LGIP)	\$ 103,020,585	\$ 103,020,585	\$ -	\$ -	\$ -
	<u>\$ 103,020,585</u>	<u>\$ 103,020,585</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total cash and investments, government-wide statement of net position	<u>\$ 154,269,867</u>				

Reconciliation of Cash and Investments  
Government-Wide Statement of Net Position  
As of December 31, 2019

	Governmental Activities	Business-Type Activities	Total
Cash and Cash Equivalents	\$ 47,225,749	\$ 42,832,547	\$ 90,058,296
Cash with Outside Agencies	-	-	-
Investments	19,288,650	10,967,898	30,256,548
Temporarily Restricted:			
Cash and Cash Equivalents	25,530,340	6,598,620	32,128,960
Permanently Restricted:			
Cash and Cash Equivalents	1,826,063	-	1,826,063
	<u>\$ 93,870,802</u>	<u>\$ 60,399,065</u>	<u>\$ 154,269,867</u>

The city measures and reports investments at fair value using the valuation input hierarchy established by generally accepted accounting principles, as follows:

- \*Level 1 – Quoted prices in active markets for identical assets or liabilities;
- \*Level 2 – These are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other quoted prices that are not observable;
- \*Level 3 – Unobservable inputs for an asset or liability.

At December 31, 2019, the city had the following investments measured at fair value:

Investments and Derivative Instruments Measured at Fair Value  
As of December 31, 2019

Investments by Fair Value Level	12/31/2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
US Agency	\$ 28,499,705	\$ 28,499,705	\$ -	\$ -
Municipal Bond	1,756,843	1,756,843	-	-
<b>Total Investments by Fair Value Level</b>	<b>\$ 30,256,548</b>	<b>\$ 30,256,548</b>	<b>\$ -</b>	<b>\$ -</b>

#### 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 five 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. US Treasury obligations
2. US Government Agency obligations and US Government Sponsored Enterprises (GSE's) which may include, but are not limited to Federal Farm Credit Bank (FFCB), Federal Home Loan Bank (FHLB), Government National Mortgage Association (GNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Student Loan Marketing Corporation (SLMA), and/or Tennessee Valley Authority (TVA)
3. Non-negotiable Certificates of Deposit of financial institutions which are qualified public depositories as defined by RCW 39.58.010(2) and in accordance with the restrictions therein
4. Bonds of the State of Washington and any local government in the State of Washington, General Obligation bonds outside the State of Washington; at the time of investment, the bonds must have a rating of AA- from S&P or Aa3 from Moody's, or higher. In the case of a split rating, the lower rating of these two rating agencies will be used.
5. Washington Local Government Investment Pool (LGIP) managed by the Washington State Treasurer's Office
6. Other investments authorized by law
7. Time deposits and savings account deposits with Washington State Public Deposit Protection Commission (PDPC) approved banks.

The City's municipal bond holding at time of purchase carried a AAA rating from S&P and a Aaa rating from Moody's.

#### 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. City investment policy restricts security holdings to 25 - 40% of the City's total investment portfolio in a single security type. This restriction excludes US Treasury obligations, US Agency Securities and the Washington State Local Government Investment Pool which may comprise 100% of the total investment portfolio.

Other information

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

The following is a schedule of investments by fund type:

**Schedule of Investments by Fund Category and Investment Type**

As of December 31, 2019

	State Investment Pool	U.S. Agency	Municipal Bond	Total
General Fund	\$ -	\$ 17,774,830	\$ -	\$ 17,774,830
Permanent Fund		1,513,820	-	1,513,820
Enterprise Funds	-	9,211,055	1,756,843	10,967,898
Treasurer's Residual Funds	103,020,585	-	-	103,020,585
Total	\$ 103,020,585	\$ 28,499,705	\$ 1,756,843	\$ 133,277,133

**NOTE 4 – PROPERTY TAXES**

Property taxes received during tax year 2019 were \$22,057,841 including collection of prior year delinquent assessments. Property taxes assessed for collection in tax year 2019 were based on a regular tax levy of \$2.03 per \$1,000 on a total 2018 assessed value of \$11,393,504,898.

For levy year 2019, to be received in 2020, the City’s regular tax levy is \$1.92 per \$1,000 on a 2019 assessed valuation of \$12,316,932,930 as of December 31, 2019, for a total regular levy of \$22,368,188. 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, 2019, 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	\$ 184,753,994	\$ 123,169,329	\$ 307,923,323	\$ 307,923,323	\$ 923,769,969
Outstanding indebtedness	(46,115,178)	-	-	-	(46,115,178)
Margin available	\$ 138,638,816	\$ 123,169,329	\$ 307,923,323	\$ 307,923,323	\$ 877,654,791

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 market value. A revaluation of all property is required every year 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 \$50. 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. No allowance for uncollectable taxes is established because delinquent taxes are considered fully collectable.

At year-end, property taxes are recorded as a receivable. During the year, property tax revenues are recognized when cash is received.

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

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

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

**NOTE 5 – INTERFUND ACTIVITY**

Transfers are legally authorized transfers of resources from a fund receiving revenue to the fund through which resources are to be expended. The principal purposes for interfund transfers include interfund subsidies and transfers into capital project and debt service funds. Interfund transfers for the year ended December 31, 2019 were as follows:

Funds	Transfers	
	Transfer In	Transfer Out
<b>Governmental funds :</b>		
General	\$ 120,456	\$ 493,450
Cumulative Reserve	-	-
Total general fund	120,456	493,450
<b>Other Governmental funds</b>		
Special revenue funds:		
Arterial Streets	717,223	143,196
Local Streets	1,900,000	-
Hotel / Motel tax	-	9,600
Arterial Street Preservation	632,659	-
Housing And Community Development	38,000	-
Mitigation Fees	398,528	1,218,135
Total special revenue funds	3,686,410	1,370,931
Debt service funds:		
2010 A&B Annex	1,315,900	-
2010 C&D Local Revitalization	231,800	-
LID 250	373,945	-
Total debt service funds	1,921,645	-
Capital projects funds:		
Municipal Park Construction	545,840	-
Capital Improvements	203,413	3,781,887
Total capital projects funds	749,253	3,781,887
Total all governmental funds	6,477,764	5,646,268
<b>Proprietary funds :</b>		
Water	39,258	147,002
Sewer	-	64,119
Storm Drainage	-	138,357
Solid waste	-	10,797
<b>Non-major Enterprise funds</b>		
Airport	350,000	423,270
Total proprietary funds	389,258	783,545
Internal service funds:		
Facilities	40,000	732,926
Innovation & Technology	124,233	29,950
Equipment Rental	161,434	-
Total internal service funds	325,667	762,876
Total	\$ 7,192,688	\$ 7,192,688

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	1/1/2019	New Loans	Repayments	12/31/2019
Housing & Comm. Dev.	General fund	\$ -	\$ 100,000	\$ -	\$ 100,000
Airport Fund	Capital Improvement	\$ 53,210	\$ -	\$ 41,583	\$ 11,627
Total interfund loans		<u>\$ 53,210</u>	<u>\$ 100,000</u>	<u>\$ 41,583</u>	<u>\$ 111,627</u>

All interfund loans are considered short-term cash loans.

\*The purpose of the interfund loan to Housing & Community Development was to cover authorized expenditures while the City waited for reimbursement of federal Community Development Block Grant monies.

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

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

As of December 31, 2019 the City had receivables due from other governmental units as follows:

<b>Due from Other Governmental Units</b>	
<b>General Fund:</b>	
King County District Court	455,027
King County Library Systems	9,573
King County -Real Estate Excise Taxes	526,727
King County Sheriff's - Registered Sex Offender Grant	4,109
King County VSHS Levy grant	7,770
Pierce County - Real Estate Excise Taxes	14,026
Muckleshoot Indian Tribe	362,375
Department of Commerce -VNET	2,811
Seattle Police Dept -US Department of Justice JAG Grant	30,568
US Department of Justice -Bulletproof Vest Program	3,044
US Department of Justice -COPS Hiring Program	57,862
US Department of Justice -SCAAP Grant	2,811
WA Association of Sheriffs & Police Chiefs	1,500
WA Auto Theft Prevention Authority - Auto Theft Prevention Grant	84,361
WA State Criminal Justice Training	27,167
WA State Military Department -EMPG Grant	12,766
WA State Traffic Safety Commission - Grants	5,049
WA State Treasurer - Sales Taxes	1,503,327
Total General Fund	<u>3,110,872</u>
<b>Arterial Street Fund:</b>	
KCWTD	14,469
WA Dept. of Transportation - Arterial Street Improvements	55,291
Total Arterial Street Fund	<u>69,760</u>
<b>Arterial Street Preservation Fund:</b>	
WA Dept. of Transportation - Arterial Street Preservation	392,694
Total Arterial Street Preservation Fund	<u>392,694</u>
<b>Drug Forfeiture Fund:</b>	
Pierce County Sheriff's Department -TNET	13,326
Total Drug Forfeiture Fund	<u>13,326</u>
<b>Housing &amp; Community Development:</b>	
U.S. Dept. of Housing - Community Development Block Grant	105,488
Total Housing & Community Development Fund	<u>105,488</u>
<b>Municipal Park Construction Fund:</b>	
WA State Historical Society	261,905
Total Municipal Park Construction Fund	<u>261,905</u>
<b>General Government Capital Improvements:</b>	
Pierce County - Real Estate Excise Taxes	20,474
WA State Transportation Improvement Board - Grant	180,689
Total General Government Capital Improvements Fund	<u>201,163</u>
<b>Solid Waste Fund:</b>	
King County - Local hazardous waste management grant	22,186
King County - Waste reduction and recycling grant	23,706
WA State Department of Ecology -	14,782
Total Solid Waste fund	<u>60,674</u>
<b>Airport Capital Fund</b>	
Federal Aviation Administration -Grant	46,809
Total Airport Capital fund	<u>46,809</u>
<b>Facilities Fund:</b>	
City of Federal Way	20,417
Total Airport Capital fund	<u>20,417</u>
<b>Information Services Fund:</b>	
VRFA	2,289
Total Information Services fund	<u>2,289</u>
<b>Total</b>	<u><u>4,285,397</u></u>
<b>Reconciliation to government-wide statement of net position:</b>	
Total above due from other governmental units	4,285,397
Amount due from fiduciary fund	<u>                    </u>
Total due from other governmental units, government-wide statement of net assets	<u><u>4,285,397</u></u>

**NOTE 7 – CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended December 31, 2019 is as follows:

**Schedule of Capital Asset Activity**

	Balance 1/1/19	Increases	Decreases/ Adjustments	Balance 12/31/19
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 108,890,255	\$ 2,950	\$ -	\$ 108,893,205
Construction in progress	8,984,615	6,498,761	(8,969,777)	6,513,599
Total capital assets, not being depreciated	117,874,870	6,501,711	(8,969,777)	115,406,804
Capital assets, being depreciated:				
Buildings	73,817,057	24,000	-	73,841,057
Improvements other than buildings	23,828,764	2,813,479	(47,106)	26,595,137
Machinery and equipment	30,487,220	1,717,300	(491,423)	31,713,097
Intangibles	1,095,683	-	-	1,095,683
Infrastructure	403,004,026	12,480,029	-	415,484,055
Total capital assets being depreciated	532,232,750	17,034,808	(538,529)	548,729,029
Less: accumulated depreciation for:				
Buildings	(21,553,124)	(1,555,368)	-	(23,108,492)
Improvements other than buildings	(16,230,213)	(707,954)	-	(16,938,167)
Machinery and equipment	(21,578,181)	(1,609,997)	390,099	(22,798,079)
Intangibles	(1,212,278)	(146,603)	-	(1,358,881)
Infrastructure	(184,508,462)	(14,200,745)	-	(198,709,207)
Total accumulated depreciation	(245,082,258)	(18,220,667)	390,099	(262,912,826)
Total capital assets, being depreciated, net	287,150,492	(1,185,859)	(148,430)	285,816,203
Governmental activities capital assets, net	<u>\$ 405,025,362</u>	<u>\$ 5,315,852</u>	<u>\$ (9,118,207)</u>	<u>\$ 401,223,007</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 12,533,022	\$ 10,300	\$ -	\$ 12,543,322
Water Rights	5,701,772	252,586	-	5,954,358
Construction in progress	2,425,272	6,422,231	(3,769,455)	5,078,048
Total capital assets, not being depreciated	20,660,066	6,685,117	(3,769,455)	23,575,728
Capital assets, being depreciated:				
Buildings	6,085,434	-	-	6,085,434
Improvements other than buildings	338,649,767	7,024,734	-	345,674,501
Machinery and equipment	2,562,222	29,376	-	2,591,598
Total capital assets being depreciated	347,297,423	7,054,110	-	354,351,533
Less: accumulated depreciation for:				
Buildings	(4,172,307)	(122,402)	-	(4,294,709)
Improvements other than buildings	(123,819,677)	(8,527,766)	-	(132,347,443)
Machinery and equipment	(2,279,811)	(42,906)	-	(2,322,717)
Total accumulated depreciation	(130,271,795)	(8,693,074)	-	(138,964,869)
Total capital assets, being depreciated, net	217,025,628	(1,638,964)	-	215,386,664
Business-type activities capital assets, net	<u>\$ 237,685,694</u>	<u>\$ 5,046,153</u>	<u>\$ (3,769,455)</u>	<u>\$ 238,962,392</u>

Capital asset activity for the year ended December 31, 2019 is as follows:

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

Governmental activities:	
General government	\$ 1,067,498
Public safety	636,926
Transportation	13,567,527
Physical environment	-
Culture and recreation	1,392,522
Economic environment	-
Capital assets held by the City's internal service funds are charged to functions based on their usage of the assets	<u>1,556,194</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 18,220,667</u>
Business-type activities:	
Water	\$ 3,848,016
Sanitary sewer	2,275,905
Storm water	2,092,443
Solid waste	18,819
Golf course	-
Airport	424,882
Cemetery	<u>33,009</u>
Total depreciation expense - business-type activities	<u>\$ 8,693,074</u>

The 2019 total interest cost incurred for business-type activities was \$1,183,329 all of which was charged to expense.

## NOTE 8 – CAPITAL LEASE OBLIGATION

The City has the following capital leases:

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

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

The assets acquired through capital leases are as follows:

### Assets Acquired Through Capital Leases

Asset	Governmental Activities
Auburn Avenue Theater	\$ 749,110
John Deere Excavator	205,334
Less: Accumulated Depreciation	<u>(829,898)</u>
Total Assets Acquired Through Capital Leases	<u>\$ 124,546</u>

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2019, were as follows:

### Schedule of Future Minimum Lease Payments

	Lease Payable		
	Theater	Excavator	Total
2020	79,339	25,867	105,206
2021	80,333	-	80,333
Total minimum lease payments	159,672	25,867	185,539
Less: Amounts representing interest	(11,590)	(257)	(11,846)
Present value of future minimum lease payments	\$ 148,082	\$ 25,610	\$ 173,693

## NOTE 9 – LONG-TERM LIABILITIES

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

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

- 2010B Limited Tax General Obligation Bonds (Taxable Build America Bonds – Direct Payment) bonds were issued to provide funds with which to pay a portion of the costs of acquisition of certain condominium units to provide city office space near City Hall (City Hall Annex) in lieu of the City Hall Annex lease.
- 2010D Limited Tax General Obligation Bonds (Taxable Build America Bonds – Direct Payment) bonds were issued to provide funds with which to pay portion of the downtown infrastructure improvements in the City's revitalization area.
- 2016 Limited Tax General Obligation Refunding Bonds were issued for the primary purposes of (a) refunding on a current basis the 2005 Limited Tax General Obligation Refunding Bonds and (b) refunding on an advance basis the 2006A Limited Tax General Obligation Bonds.

The net proceeds were used to purchase United States government securities. Those securities were deposited into an irrevocable trust with an escrow agent to (a) pay the full outstanding principal and interest on the 2005 Bonds on the redemption date and to (b) provide for all future debt service payments on the 2006A bonds which were refunded. As a result of these transactions, the 2005 and 2006A bonds are considered to be defeased and the liability for those bonds has been removed from the City's financial statements. The remaining balance of outstanding defeased debt as of December 31, 2019 is \$2,111,185.

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

**State of Washington Public Works Trust Fund and Drinking Water State Revolving Fund Loans** are a direct responsibility of the City. Auburn currently has eight outstanding loans with a remaining total balance of \$8,264,306. Six of the loans are for water and sewer construction projects. The loans are being repaid from water and sewer fund revenues over a 20-year period that begins upon each project completion (PWTF 2001, PWTF 2002, PWTF 2004, PWTF 2006, PWTF 2013, & DWSRF 2016). The other two loans are for arterial street improvements and are being repaid from arterial street fund revenues over a 20-year period that began in 2009 upon project completion (PWTF 2008) and over a 29-year period that began in 2013 upon project completion (PWTF 2012).

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

The following schedules summarize the long-term debt transactions of the City for the year ended December 31, 2019. 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 LIABILITIES SUMMARY

	General Obligation <sup>(1)</sup>	Utility	Employee Leave Benefit	Other Post Employment Benefits	Net Pension Liability	Firemen's Pension Liability	Premium	Due To Other Governments	Total
Long-term liabilities payable 12/31/18	\$29,963,602	\$31,341,029	\$ 3,154,040	\$ 16,228,865	\$ 12,574,717	\$ 2,973,304	\$1,087,315	\$ 22,202,200	\$ 119,525,072
Added	-	39,258	2,372,796	1,520,398	-	700,283	-	17,838,617	22,471,352
Retired	(1,661,431)	(2,553,275)	(2,467,219)	(4,046,904)	(3,199,036)	(221,139)	(84,185)	(22,202,200)	(36,435,389)
Long-term liabilities payable 12/31/19	\$28,302,171	\$28,827,012	\$ 3,059,617	\$ 13,702,359	\$ 9,375,681	\$ 3,452,448	\$1,003,130	\$ 17,838,617	\$ 105,561,035

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

### DEBT SERVICE REQUIREMENT TO MATURITY

Year	General Obligation Bonds		Capital Lease Obligation		Utility Bonds/Loans		Total Long-Term Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal <sup>(1)</sup>	Interest
2020	1,843,271	2,130,374	96,480	8,727	2,628,284	1,274,027	4,568,034	3,413,127
2021	1,879,698	2,076,256	77,213	3,120	2,688,283	1,208,109	4,645,194	3,287,486
2022	1,946,659	1,995,120	-	-	2,521,198	1,119,203	4,467,857	3,114,323
2023	2,008,039	1,910,898	-	-	2,565,083	1,023,135	4,573,122	2,934,032
2024	2,080,575	1,823,865	-	-	2,635,083	923,780	4,715,658	2,747,645
2025-2029	10,097,272	7,614,454	-	-	13,131,839	2,938,401	23,229,111	10,552,854
2030-2034	12,037,446	4,644,334	-	-	5,135,583	311,063	17,173,029	4,955,398
2035-2039	10,776,842	1,523,876	-	-	584,966	7,312	11,361,808	1,531,188
2040-2044	-	-	-	-	233,986	877	233,986	877
Totals	\$ 42,669,802	\$23,719,176	\$ 173,693	\$ 11,846	\$ 32,124,306	\$ 8,805,907	\$ 74,967,800	\$32,536,930

<sup>(1)</sup> \$ 74,967,800	Principal debt service requirements to maturity
3,059,617	Employee Leave Benefits
13,702,359	Other Post Employment Benefits
9,375,681	Net Pension Liability
3,452,448	Firemen's Pension Liability
1,003,130	Premium
\$ 105,561,035	Long Term Liabilities 12/31/2019

## CHANGES IN LONG-TERM LIABILITIES

Issue Name	Interest Rates	Maturity Date	Original Amount <sup>(2)</sup>	Principal Installments	Balance 12/31/18	Additions	Reductions	Balance 12/31/19	Due Within One Year
<b>GOVERNMENTAL DEBT</b>									
<u>General Obligation Bonds:</u>									
LTGO 2010B <sup>(1)</sup>	3.27-6.24%	12/1/2039	20,365,000	\$535,000 - \$1,240,000	18,150,000	-	(590,000)	17,560,000	610,000
LTGO 2010D <sup>(1)</sup>	3.27-6.19%	12/1/2034	6,320,000	\$220,000 - \$445,000	5,405,000	-	(245,000)	5,160,000	255,000
LTGO Refunding 2016 - Golf/Cemetery	1.64 - 1.64%	12/1/2025	3,166,930	\$71,470 - \$366,159	2,445,051	-	(333,866)	2,111,185	340,616
Total General Obligation Bonds			29,851,930		26,000,051	-	(1,168,866)	24,831,185	1,205,616
<u>Capital Leases:</u>									
Auburn Avenue Theater	6.58%	12/31/2021	695,504	\$4,114 - \$6,612	213,977	-	(65,895)	148,082	70,869
John Deere Financial Excavator Lease	3.00%	7/15/2020	205,334	\$3,695	68,484	-	(42,874)	25,610	25,610
Total Capital Leases			900,838		282,461	-	(108,769)	173,692	96,479
<u>Employee Leave Benefits:</u>									
Compensated absences					2,578,327	1,983,895	(2,004,091)	2,558,131	2,021,002
<u>Other Post Employment Benefits:</u>									
LEOFF 1					16,228,865	1,520,398	(4,046,904)	13,702,359	-
<u>Pensions:</u>									
Net Pension Liability					8,541,631	-	(2,319,968)	6,221,663	-
Firemen's Pension Liability					2,973,304	700,283	(221,139)	3,452,448	-
<u>Public Works Trust Fund Loans:</u>									
PWTF 2008	0.50%	7/1/2028	1,527,273	\$80,383	803,828	-	(80,383)	723,445	80,383
PWTF 2012	0.50%	6/1/2041	3,284,857	\$116,993	2,690,842	-	(116,993)	2,573,849	116,993
Total Public Works Trust Fund Loans			4,812,130		3,494,670	-	(197,376)	3,297,294	197,376
Premium Related to Debt					39,202	-	(5,600)	33,602	-
<b>Total Governmental</b>			<b>\$ 35,564,898</b>		<b>\$ 60,138,511</b>	<b>\$ 4,204,576</b>	<b>\$ (10,072,713)</b>	<b>\$ 54,270,374</b>	<b>\$ 3,520,473</b>
<b>BUSINESS-TYPE DEBT</b>									
<u>General Obligation Bonds</u>									
LTGO Refunding 2016 - Airport	1.64 - 1.64%	12/1/2019	700,284	\$166,439 - \$186,420	186,420	-	(186,420)	-	-
Total General Obligation Bonds			700,284		186,420	-	(186,420)	-	-
<u>Revenue Bonds:</u>									
Utility sys bonds 2010 <sup>(1)</sup>	3.00-6.40%	12/1/2030	21,295,000	\$575,000 - \$1,720,000	16,795,000	-	(1,120,000)	15,675,000	1,170,000
Utility sys bonds 2013 <sup>(1)</sup>	0.38-4.00%	12/1/2032	11,415,000	\$335,000 - \$785,000	8,680,000	-	(495,000)	8,185,000	505,000
Total Revenue Bonds			32,710,000		25,475,000	-	(1,615,000)	23,860,000	1,675,000
<u>Employee Leave Benefits:</u>									
Compensated absences					575,713	388,901	(463,128)	501,486	396,189
<u>Net Pension Liability</u>					4,033,086	-	(879,068)	3,154,018	-
<u>Public Works Trust Fund &amp; Drinking Water Loans:</u>									
PWTF 1999	1.00%	7/1/2019	3,465,000	\$182,368	182,368	-	(182,368)	-	-
PWTF 2001	0.50%	7/1/2021	4,290,405	\$227,086	681,257	-	(227,086)	454,171	227,086
PWTF 2002	1.00%	7/1/2022	641,250	\$26,114	104,458	-	(26,114)	78,344	26,114
PWTF 2004	0.50%	7/1/2024	2,049,036	\$107,844	647,064	-	(107,844)	539,220	107,844
PWTF 2006	0.50%	7/1/2026	3,325,000	\$180,418	1,443,345	-	(180,418)	1,262,927	180,418
PWTF 2013	2.00%	6/1/2032	3,325,000	\$188,538	2,639,538	-	(188,538)	2,451,000	188,538
DWSRF 2016	1.50%	10/1/2024	1,353,400	\$28,000	167,999	39,258	(25,907)	181,350	25,907
Total Public Works Trust Fund & Drinking Water Loans			18,449,091		5,866,029	39,258	(938,275)	4,967,012	755,908
Premium Related to Debt					1,048,113	-	(78,585)	969,528	-
<b>Total Proprietary</b>			<b>\$ 51,859,375</b>		<b>\$ 37,184,361</b>	<b>\$ 428,159</b>	<b>\$ (4,160,476)</b>	<b>\$ 33,452,044</b>	<b>\$ 2,827,097</b>
<b>Total All Funds</b>			<b>\$ 87,424,273</b>		<b>\$ 97,322,872</b>	<b>\$ 4,632,735</b>	<b>\$ (14,233,189)</b>	<b>\$ 87,722,418</b>	<b>\$ 6,347,571</b>

(1) Subject to federal arbitrage compliance rules.

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

**Due to Other Governments**

- SCORE Public Development Authority issued General Obligation bonds in 2009 to acquire, construct, improve, and equip a consolidated correctional facility located in Des Moines, Washington. These bonds were subsequently refunded in December 2019 and will mature in 2038. The city is contracted to pay 34.94% of the debt service. This debt is paid from the General fund.

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

Issue Name	Interest Rates	Maturity Date	Original Amount	Principal Installments	Balance 12/31/18	Additions	Reductions	Balance 12/31/19	Due Within One Year
<b>GOVERNMENTAL DEBT:</b>									
<u>General Obligation Bonds:</u>									
SCORE Public Development Authority	3.00-6.62%	1/1/2039	26,732,850	\$593,650 - \$1,601,150	22,202,200	-	(22,202,200)	-	-
SCORE Refunding Bonds 2019	3.00-5.00%	12/1/2038	17,838,617	\$637,655 - \$1,325,973	-	17,838,617	-	17,838,617	637,655
<b>Total General Obligation Bonds</b>									
<b>Due Other Governments</b>			<u>\$ 44,571,467</u>		<u>\$ 22,202,200</u>	<u>\$ 17,838,617</u>	<u>\$ (22,202,200)</u>	<u>\$ 17,838,617</u>	<u>\$ 637,655</u>

**LONG-TERM LIABILITIES RECONCILIATION**

	Enterprise Funds	Governmental Funds	12/31/19
Liabilities payable from restricted assets:			
Revenue bonds	\$ 2,918,062	\$ -	\$ 2,918,062
Long-term bonds payable:			
General obligation bonds	-	24,831,185	24,831,185
Capital lease	-	173,692	173,692
Revenue bonds	20,941,938	-	20,941,938
Public Works Trust Fund loans	4,967,012	3,297,294	8,264,306
Due to Other Governments	-	17,838,617	17,838,617
Employee leave benefits	501,486	2,558,131	3,059,617
Other Post Employment Benefits	-	13,702,359	13,702,359
Net Pension Liability	3,154,018	6,221,663	9,375,681
Firemen's Pension Liability	-	3,452,448	3,452,448
Premium	969,528	33,602	1,003,130
<b>Total long-term debt</b>	<u>\$ 33,452,044</u>	<u>\$ 72,108,991</u>	<u>\$ 105,561,035</u>

**Revenue Bond Debt Service Coverage**

The required debt service coverage for the 2013 utility revenue bonds and 2010 utility revenue bonds is 1.25. Debt service coverage for 2019 was 3.75. The ratio indicates the direction and degree to which the revenue stream exists to meet the current debt burden. The ratio is calculated by dividing the net revenue available by debt service requirements.

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

**Estimated Arbitrage Rebate**

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt of over \$5 million to make payments to the United States Treasury of investment interest received at yields that exceed the issuer's tax-exempt borrowing rates. Payments of arbitrage rebate amounts due under these regulations must be made to the U.S. Treasury every five years. The City's estimated arbitrage rebate as of December 31, 2019 is \$0 for its tax-exempt bond issues.

**Note 10 – Pension Plans**

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the year 2019

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ (9,375,681)
Pension assets	\$ 11,081,510
Deferred outflows of resources	\$ 3,590,477
Deferred inflows of resources	\$ (9,123,330)
Pension expense/expenditures	\$ 621,918

\*Pension Assets GASB 68 equals total Net Position Statement

**State Sponsored Pension Plans**

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

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

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

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

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

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

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

### Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2019 were as follows:

<b>PERS Plan 1</b>		
<b>Actual Contribution Rates:</b>	<b>Employer</b>	<b>Employee*</b>
January – June 2019:		
PERS Plan 1	7.52%	6.00%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
<b>Total</b>	<b>12.83%</b>	<b>6.00%</b>
July – December 2019:		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
<b>Total</b>	<b>12.86%</b>	<b>6.00%</b>

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

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

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

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

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

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2019 were as follows:

<b>PERS Plan 2/3</b>		
<b>Actual Contribution Rates:</b>	<b>Employer 2/3</b>	<b>Employee 2*</b>
January – June 2019:		
PERS Plan 2/3	7.52%	7.41%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
<b>Total</b>	<b>12.83%</b>	<b>7.41%</b>
July – December 2019:		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
<b>Total</b>	<b>12.86%</b>	<b>7.90%</b>

\* For employees participating in JBM, the contribution rate was 18.53% to 19.75%.

The City’s actual PERS plan contributions were \$1,310,731 to PERS Plan 1 and \$2,047,116 to PERS Plan 2/3 for the year ended December 31, 2019.

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

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

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

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

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

### Contributions

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2019. Employers paid only the administrative expense of 0.18 percent of covered payroll.

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

### Contributions

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.44% as of July 1, 2019.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2019 were as follows:

<b>LEOFF Plan 2</b>		
<b>Actual Contribution Rates:</b>	<b>Employer</b>	<b>Employee</b>
January – June 2019		
State and local governments	5.25%	8.75%
Administrative Fee	0.18%	
<b>Total</b>	<b>5.43%</b>	<b>8.75%</b>
Ports and Universities	8.75%	8.75%
Administrative Fee	0.18%	
<b>Total</b>	<b>8.93%</b>	<b>8.75%</b>
July – December 2019		
State and local governments	5.15%	8.59%
Administrative Fee	0.18%	
<b>Total</b>	<b>5.33%</b>	<b>8.59%</b>
Ports and Universities	8.59%	
Administrative Fee	0.18%	
<b>Total</b>	<b>8.77%</b>	<b>8.59%</b>

The City's actual contributions to the plan were \$738,844 for the year ended December 31, 2019.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2019, the state contributed \$72,959,897 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$476,580.

## Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2019 with a valuation date of June 30, 2018. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study* and the *2017 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2019. Plan liabilities were rolled forward from June 30, 2018, to June 30, 2019, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.4%

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

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

- OSA updated modeling to reflect providing benefit payments to the date of the initial retirement eligibility for terminated vested members who delay application for retirement benefits.
- OSA updated COLA programming to reflect legislation signed during the 2018 legislative session that provides PERS and TRS Plan 1 annuitants who are not receiving a basic minimum, alternate minimum, or temporary disability benefit with a one-time permanent 1.5% increase to their monthly retirement benefit, not to exceed a maximum of \$62.50 per month.

## Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent.

To determine that rate, an asset sufficiency test included an assumed 7.5 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.5 percent except LEOFF 2, which has assumed 7.4 percent). Consistent with the long-term expected rate of return, a 7.4 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4 percent was used to determine the total liability.

## Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent was determined using a building-block method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

### Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	2.20%
Tangible Assets	7%	5.10%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	<b>100%</b>	

### Sensitivity of Net Pension Liability/(Asset)

The table below presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
PERS 1	\$ 8,861,106	\$ 7,075,761	\$ 5,526,739
PERS 2/3	17,639,469	2,299,919	(10,287,194)
LEOFF 1	(1,584,617)	(1,937,059)	(2,241,359)
LEOFF 2	\$ (1,700,339)	\$ (9,144,451)	\$ (15,220,549)

### Pension Plan Fiduciary Net Position

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

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

At June 30, 2019, the City reported a total pension asset of \$1,705,830 for its proportionate share of the net pension liabilities as follows:

	Liability (Asset)
PERS 1	\$ 7,075,761
PERS 2/3	2,299,919
LEOFF 1	(1,937,059)
LEOFF 2	\$ (9,144,451)

The amount of the asset reported above for LEOFF Plans 1 and 2 reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension asset, the related State support, and the total portion of the net pension asset that was associated with the City were as follows:

	LEOFF 1 Asset	LEOFF 2 Asset
Employer's proportionate share	\$ (1,937,059)	\$ (9,144,451)
State's proportionate share of the net pension asset associated with the employer	(13,102,219)	(5,988,390)
TOTAL	\$ (15,039,278)	\$(15,132,840)

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

	Proportionate Share 6/30/18	Proportionate Share 6/30/19	Change in Proportion
PERS 1	0.190096%	0.184008%	(0.006088)%
PERS 2/3	0.239249%	0.236778%	(0.002471)%
LEOFF 1	0.101761%	0.097999%	(0.003762)%
LEOFF 2	0.403472%	0.394720%	(0.008752)%

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

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2019. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2019, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2019, the state of Washington contributed 39.57 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 60.43 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2019, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2018, with update procedures used to roll forward the total pension liability to the measurement date.

### Pension Expense

For the year ended December 31, 2019, the City recognized pension expense as follows:

	Pension Expense
PERS 1	\$ 42,981
PERS 2/3	484,897
LEOFF 1	(38,759)
LEOFF 2	132,798
TOTAL	\$ 621,918

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

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>PERS 1</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$	\$
Net difference between projected and actual investment earnings on pension plan investments		(472,720)
Changes of assumptions		
Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date	635,770	
<b>TOTAL</b>	<b>\$ 635,770</b>	<b>\$ (472,720)</b>

<b>PERS 2/3</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 658,932	\$ (494,470)
Net difference between projected and actual investment earnings on pension plan investments		(3,347,746)
Changes of assumptions	58,894	(964,970)
Changes in proportion and differences between contributions and proportionate share of contributions	19,932	(196,606)
Contributions subsequent to the measurement date	1,057,834	
<b>TOTAL</b>	<b>\$ 1,795,592</b>	<b>\$ (5,003,791)</b>

<b>LEOFF 1</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$	\$
Net difference between projected and actual investment earnings on pension plan investments		(200,815)
Changes of assumptions		
Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date		
<b>TOTAL</b>	<b>\$</b>	<b>\$ (200,815)</b>

<b>LEOFF 2</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 658,025	\$ (164,441)
Net difference between projected and actual investment earnings on pension plan investments		(1,874,898)
Changes of assumptions	15,065	(1,029,044)
Changes in proportion and differences between contributions and proportionate share of contributions	114,408	(377,621)
Contributions subsequent to the measurement date	371,617	
<b>TOTAL</b>	<b>\$ 1,159,115</b>	<b>\$ (3,446,004)</b>

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	PERS 1	PERS 2/3	LEOFF 1	LEOFF 2
2020	\$ (104,356)	\$ (1,056,549)	\$ (46,644)	\$ (537,470)
2021	(247,188)	(1,750,005)	(102,807)	(982,416)
2022	(88,211)	(793,817)	(37,306)	(458,439)
2023	(32,965)	(439,637)	(14,058)	(259,605)
2024	-	(223,997)	-	(109,376)
Thereafter	\$ -	\$ (2,028)	\$ -	\$ (311,200)

### 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 provides 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. Membership of the Firemen's Pension Plan consisted of 13 eligible inactive employees or their beneficiaries, of which 11 received city paid benefits. There are no active employees in this plan.

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 (which is not considered a special funding situation), interest earnings, member contributions made prior to the inception of LEOFF, and City contributions required to meet projected future pension obligations. In 2019, \$80,386 was received from the state from taxes on fire insurance premiums, and \$48,664 was received from interest earnings. On-behalf payments of fringe benefits and salaries for the City's employees were recognized as revenues and expenditures/expenses during the period. Administrative costs, such as City staff time and actuarial valuation costs are funded from interest earnings or City contributions.

The City has determined that *GASB Statement No. 67 – Financial Reporting for Pension Plans; an amendment of GASB Statement No. 25* does not apply to the City's single-employer Fire Relief and Pension Fund as there are no assets accumulated in a qualifying trust and it does not meet the criteria applicability set by the statement as the contributions to that fund are not irrevocable. Plan assets may be used to cover medical expenses which are outside of the scope of the pension plan benefits. Therefore, the Fire Relief and Pension Fund has been presented in conformance with *GASB Statement No. 73 – Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*.

The following table represents the plan aggregate pension amounts for 2019:

Aggregate Pension Amounts – Fire Relief and Pension Plan	
Pension liabilities	\$ (3,452,448)
Deferred outflows of resources	\$ 0
Deferred inflows of resources	\$ 0
Pension expense/expenditures	\$ (619,897)

### Service Retirement Benefit

The amount of a members benefit is based upon the rank of the firefighter at the time of retirement and amounts to 50% of salary plus an additional 2% for each year of service in excess of 25 years, to a maximum benefit of 60% of salary. An annual post-retirement increase is determined based upon 2 factors:

- escalation by salary in proportion to the current salary of rank from which the firefighter retired (RCW 41.18.040), and
- increase proportionate to the annual increase in the Seattle-area CPI and regardless of the increase (or decrease) in the CPI, the benefits are increased at least 2% each year. (RCW 41.18.104)

### Assumptions and Other Inputs to the Total Pension Liability

GASB Statement 73 requires a schedule of changes in Total Pension Liability from year to year. Both the December 31, 2018 and the December 31, 2019 amounts are based on the below specified actuarial valuation (the valuation date) and then projected forward to the measurement date. The measurement date is the date as of which the total pension liability is determined.

The discount rate and other key actuarial assumptions utilized are noted below:

Fire Relief and Pension Plan	December 31, 2018	December 31, 2019
Discount Rate – municipal bond rate (average rating AA/Aa or higher)	4.00%	2.75%
Valuation Date	January 1, 2017	January 1, 2019
Measurement Date	December 31, 2018	December 31, 2019
Inflation	2.25%	2.25%
Salary Increases Including Inflation	3.25%	3.25%
Mortality	RP-2000 Mortality Table (combined healthy) with generational projection using 100% of Projection Scale BB	RP-2000 Mortality Table (combined healthy) with generational projection using 100% of Projection Scale BB
Actuarial Cost Method	Entry Age Normal	Entry Age Normal

**Total Pension Liability**

The following table represents the changes in the total pension liability for 2019:

<b>Fire Relief and Pension Plan</b>	<b>Increase (Decrease) Total Pension Liability</b>
Balances as of December 31, 2018	\$ 2,973,304
Changes for the year:	
Service cost	0
Interest on total pension liability	114,553
Effect of plan changes	0
Effect of economic/demographic gains or losses	208,957
Effect of assumptions, changes or inputs	376,773
Benefit payments *	(221,139)
Balances as of December 31, 2019	\$ 3,452,448

\* Benefit payments are estimated based on expected payouts.

**Sensitivity Analysis**

The following table presents the total pension liability of the City, calculated using the discount rate of 2.75%, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.75%) or 1 percentage point higher (3.75%) than the current rate.

<b>1% Decrease (1.75%)</b>	<b>Current Discount Rate (2.75%)</b>	<b>1% Increase (3.75%)</b>
\$ 3,811,624	\$ 3,452,448	\$ 3,145,409

**Pension Expense**

The amount of pension expense recognized by the City for the reporting period is as follows:

<b>Fire Relief and Pension Plan</b>	<b>January 1, 2018 to December 31, 2018</b>	<b>January 1, 2019 to December 31, 2019</b>
Service Cost	\$ 0	\$ 0
Interest on Total Pension Liability	108,873	114,553
Effect of Plan Changes	0	0
Contributions From State Fire Insurance Premium Tax	(79,798)	(80,386)
Recognition of Deferred Inflows/Outflows of Resources:		
Recognition of Economic/Demographic Gains/Losses	0	208,957
Recognition of Assumption Changes or Inputs	(142,719)	376,773
Pension Expense	\$ (113,644)	\$ 619,897

**Deferred Outflows/Inflows of Resources**

As of December 31, 2019, the deferred outflows and inflows of resources are as follows:

Fire Relief and Pension Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 0
Changes of assumptions	0	0
Contributions subsequent to the measurement date	0	0
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 0</b>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2020	\$0
2021	0
2022	0
2023	0
2024	0
Thereafter	0

**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS**

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement 75 for the year 2019:

Aggregate OPEB Amounts	
OPEB Liabilities	\$ 13,702,359
OPEB Assets	\$ 0
Deferred outflows of resources	\$ 0
Deferred inflows of resources	\$ 0
OPEB expense/expenditures	\$ (1,907,252)

Plan Description

The city is the administrator of the Law Enforcement Officer and Fire Fighter(LEOFF) 1 employees plan providing lifetime medical care. The plan is a single employer, defined benefit, other post-employment benefit plan (OPEB). The plan does not issue a separate standalone financial report.

Benefits Provided

Effective March 1, 1970, the LEOFF plan was established by the Legislature under Revised Code of Washington (RCW) Chapter 41.26. LEOFF members who joined the system by September 30, 1977 are Plan 1 members. In addition, the City is required to pay post-employment benefits in accordance with 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.

The City OPEB plan provides medical, prescription drug, dental, Medicare Part B premiums, long-term care, and vision expenses for retirees. The plan does not cover dependent spouses and children. The City's cost is reduced by any amounts retirees receive from Medicare or other health plans.

#### Funding Policy

The plan is funded on a pay-as-you-go basis from the General Fund and there are no assets accumulated in a qualifying trust.

#### Membership

As of December 31, 2019, there are 45 retirees and 0 active employees meeting the eligibility requirements of a LEOFF 1 member. This is considered a closed group with no new members.

Retirees currently receiving benefits	45
Retirees entitled to but not yet receiving benefits	0
Active employees	0
Total	45

#### OPEB Liability

The Valuation Date is January 1, 2019. This is the date as of which the actuarial valuation was performed. The Measurement Date is December 31, 2019. This is the date as of which the total OPEB liability under GASB 75 is determined. The Reporting Date is the Plan's and City's fiscal year ending date. Update procedures were used to roll forward the total OPEB liability to the measurement date.

#### Assumptions and Other Inputs

A number of assumptions are used in development of the OPEB plan actuarial valuation as discussed below.

GASB 75 requires the discount rate used to measure the Total OPEB Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method) to be a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The Bond Buyer General Obligation 20-bond municipal bond index for bonds that mature in 20 years is 2.74% as of December 27, 2019. Rounding this to the nearest ¼% results in a discount rate of 2.75% as of the December 31, 2019 measurement date.

A medical (healthcare) and dental trend rate of 7.7% for pre-65 retirees and 7.0% for post 65 retirees is assumed along with a long-term care inflation rate of 4.5%.

Mortality assumptions are based on the RP-2000 Mortality Table (combined healthy) with generational projection using 100% of Projection Scale BB. For active and service retired members, ages are set back one year for males and set forward one year for females. For disabled members, ages are set forward two years.

#### Sensitivity Analysis

The following presents the total OPEB liability of the City calculated using the current healthcare cost trend rates as well as what the City's total OPEB liability would be if it were calculated using trend rates that are one percentage point lower or one percentage point higher than the current trend rates.

	1% Decrease	Current Trend Rate	1% Increase
Total December 31, 2019 OPEB Liability	\$ 12,181,628	\$ 13,702,359	\$ 15,487,400

The following presents the total OPEB liability of the City calculated using the discount rate of 2.75%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.75%) or one percentage point higher (3.75%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Total December 31, 2019 OPEB Liability	\$ 15,600,722	\$ 13,702,359	\$ 12,131,199

The following table represents the changes in total OPEB liability for 2019:

OPEB LEOFF Plan 1	Increase (Decrease) Total OPEB Liability
Balance as of December 31, 2018	\$ 16,228,865
Changes for the Year:	
Service Cost	0
Interest on Total OPEB Liability	636,891
Effect of Plan Changes	0
Effect of Economic/Demographic Gains or Losses	(3,427,650)
Effect of Assumptions, Changes or Inputs	883,507
Expected Benefit Payments	(619,254)
Balance as of December 31, 2019	\$ 13,702,359

For the year ended December 31, 2019, the City recognized an OPEB expense of \$ -1,907,252.

Changes in assumptions that affected measurement of the total OPEB liability since the prior measurement date include changes in premiums and claims, mortality, and trends.

The City reported no deferred outflows of resources and no deferred inflows of resources related to OPEB.

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

### Trust Description

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

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

As of December 31, 2019, 261 cities/towns/non-city entities participate in the AWC Trust HCP.

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

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2019, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Commencement Bay Risk Management, and Kaiser ISL at \$1 million with Companion Life through ASG Risk Management. The aggregate policy is for 200% of expected medical claims.

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

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

The accounting records of the AWC Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The AWC Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in the report for the fiscal year ending December 31, 2018. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

**NOTE 13 – CONSTRUCTION COMMITMENTS**

At December 31, 2019, the City had the following contractual obligations on construction projects:

SCHEDULE OF OUTSTANDING CONSTRUCTION OBLIGATIONS  
As of December 31, 2019

	<u>Amount Outstanding</u>
Street projects	\$ 1,360,253
Utilities projects	498,235
Other projects	<u>3,230,887</u>
Total commitments	<u>\$ 5,089,375</u>

**NOTE 14 – CEMETERY ENDOWED CARE FUND**

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

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

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

For 2019, of the \$41,607 net appreciation on investments, all was available for expenditures. Amounts that are available for expenditure are reflected as assigned fund balance.

**NOTE 15 – JOINT VENTURES / RELATED PARTY****Valley Communications Center**

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

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

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

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

The 2019 cost distribution for the five participating cities is as follows:

	Dispatchable Calls	Percent of Total *
Kent	117,225	27.08%
Renton	90,760	20.96%
Auburn	98,169	22.68%
Tukwila	36,163	8.35%
Federal Way	90,616	20.93%
Total	<u>432,933</u>	<u>100.00%</u>

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

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

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

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

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

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

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

Item	Kent	Renton	Auburn	Tukwila	Federal Way	Total
Equity Dec 31, 2018	\$ 8,090,075	\$ 5,882,811	\$ 6,040,861	\$ 2,950,970	\$ 4,904,391	\$ 27,869,108
Current year change	<u>707,890</u>	<u>548,074</u>	<u>592,819</u>	<u>218,376</u>	<u>547,205</u>	<u>2,614,364</u>
Equity Dec 31, 2019	<u>\$ 8,797,965</u>	<u>\$ 6,430,885</u>	<u>\$ 6,633,680</u>	<u>\$ 3,169,346</u>	<u>\$ 5,451,596</u>	<u>\$ 30,483,472</u>
% of equity	28.86%	21.10%	21.76%	10.40%	17.88%	
% of 2019 distribution	27.08%	20.96%	22.68%	8.35%	20.93%	

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)

On March 25, 2009, the Cities of Auburn, Burien, Des Moines, Federal Way, Renton, SeaTac and Tukwila, Washington (Member Cities) entered into a SCORE Facility Interlocal Agreement (as amended and restated on October 1, 2009, the "2009 Interlocal Agreement") pursuant to chapter 39.34 RCW (Interlocal Cooperation Act) to jointly construct, equip, maintain and operate a consolidated regional misdemeanor correctional facility located in Des Moines, Washington (SCORE Facility) to serve the parties to the 2009 Interlocal Agreement and state agencies and other local governments (Subscribing Agencies) to provide correctional services essential to the preservation of the public health, safety and welfare. To carry out the purposes of the 2009 Interlocal Agreement and to operate, manage and maintain the SCORE Facility, the Member Cities formed the South Correctional Entity (SCORE), a separate governmental administrative agency pursuant to the 2009 Interlocal Agreement and RCW 39.34.030(3).

The 2009 Interlocal Agreement named the City of Des Moines as the "Host City" and the remaining Member Cities as the "Owner Cities". 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 obligation as outlined in the Host City Agreement. Pursuant to SCORE financial policies, all unexpected funds or reserve funds shall be distributed based on the percentage of the Member City's average daily population at the SCORE facility for the last three (3) years regardless of its Owner City or Host City status.

SCORE and 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.

SCORE, as a governmental administrative agency formed under the Interlocal Cooperation Act, is not expressly authorized to issue bonds. To finance and refinance the costs of the SCORE Facility, the City of Renton, Washington, chartered the South Correctional Entity Public Development Authority as a public corporation pursuant to RCW 35.21.730 through 35.21.757 (Public Corporation Act) and Ordinance No. 5444, passed on February 2, 2009 (Charter Ordinance). Completed financial statements for SCORE and SCORE PDA can be obtained at SCORE, Attn: Finance Director, 20817 17<sup>th</sup> Avenue South, Des Moines, WA. 98198.

2009 SCORE Bonds

The SCORE PDA issued its Bonds, Series 2009A (2009A Bonds) and Bonds, Series 2009B (Taxable Build America Bonds – Direct Payment) (2009B Bonds, and, together the 2009 Bonds) on November 4, 2009 in the aggregate principal amount of \$86,235,000. Proceeds of the 2009 Bonds were used to finance a portion of the costs of acquiring, constructing, developing, equipping and improving the SCORE Facility, to capitalize the interest during construction, and to pay costs of issuance for the 2009 Bonds.

Pursuant to the 2009 Interlocal Agreement and the ordinances of each city, each Owner City (which includes the Cities of Auburn, Burien, Federal Way, Renton, SeaTac, and Tukwila) is obligated to budget for and pay its share, and only its share, of the principal of and interest on the 2009 Bonds as the same become due and payable (referred to as each Owner City’s 2009 Capital Contribution). Each Owner City’s obligation to pay its 2009 Capital Contribution is an irrevocable, unconditional full faith and credit obligation of such Owner City, payable from regular property taxes levied within the constitutional and statutory authority provided without a vote of the electors of the Owner City on all of the taxable property within the Owner City and other sources of revenues available therefor.

The following is a summary of the debt service requirements and the old refunded 2009 Capital Contributions for the 2009 Bonds as of December 31, 2018:

Summary of Debt Service Requirements										
Debt Service Schedule					Debt Service Allocation to Owner Cities					
Year	Principal	Interest	BABs		Auburn	Burien	Federal Way	Renton	SeaTac	Tukwila
			Subsidy	Total	31%	4%	18%	36%	3%	8%
2019	2,310,000	4,602,229	(1,478,317)	5,433,912	1,684,513	217,356	978,104	1,956,208	163,017	434,713
2020	2,385,000	4,484,854	(1,440,560)	5,429,294	1,683,081	217,172	977,273	1,954,546	162,879	434,344
2021	2,465,000	4,363,604	(1,401,577)	5,427,027	1,682,378	217,081	976,865	1,953,730	162,811	434,162
2022	2,590,000	4,233,250	(1,500,618)	5,322,632	1,650,016	212,905	958,074	1,916,148	159,679	425,811
2023-2027	14,485,000	18,727,798	(6,710,481)	26,502,317	8,215,718	1,060,093	4,770,417	9,540,834	795,070	2,120,185
2028-2032	17,725,000	13,590,870	(4,959,695)	26,356,175	8,170,414	1,054,247	4,744,112	9,488,223	790,685	2,108,494
2033-2037	21,855,000	7,082,263	(2,731,829)	26,205,434	8,123,685	1,048,217	4,716,978	9,433,956	786,163	2,096,435
2038-2039	10,115,000	676,321	(353,824)	10,437,497	3,235,624	417,500	1,878,749	3,757,499	313,125	835,000
<b>Totals</b>	<b>\$ 73,930,000</b>	<b>\$ 57,761,189</b>	<b>\$ (20,576,901)</b>	<b>\$ 111,114,288</b>	<b>\$ 34,445,429</b>	<b>\$ 4,444,571</b>	<b>\$ 20,000,572</b>	<b>\$ 40,001,144</b>	<b>\$ 3,333,429</b>	<b>\$ 8,889,144</b>

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, 2018 related to the old refunded 2009 Bonds:

<b>South Correctional Entity (SCORE)</b>				
Member City	Percent of Equity	2017 Equity Balance	2018 Apportionment	2018 Equity Balance
Auburn	29.00%	\$ 3,147,747	\$ 949,658	\$ 4,097,405
Burien	4.00%	346,865	179,397	526,262
Des Moines	2.00%	163,335	178,510	341,845
Federal Way	24.00%	2,353,747	1,131,823	3,485,570
Renton	29.00%	3,016,168	1,141,371	4,157,539
SeaTac	5.00%	456,976	262,464	719,440
Tukwila	7.00%	719,422	311,686	1,031,108
<b>Grand Totals</b>	<b>100.00%</b>	<b>\$ 10,204,260</b>	<b>\$ 4,154,909</b>	<b>\$ 14,359,169</b>

#### Subsequent Activities: Refunding of 2009 Bonds and Amendment and Restatement of Interlocal Agreement

Pursuant to the 2009 Interlocal Agreement, on September 5, 2018, the City of Federal Way gave its notice of intent to withdraw from SCORE effective December 31, 2019. The remaining Member Cities (including the cities of Auburn, Burien, Des Moines, Renton, SeaTac and Tukwila) entered into an Amended and Restated SCORE Interlocal Agreement (2019 Interlocal Agreement), which amended and restated the 2009 Interlocal Agreement in its entirety, removed Federal Way as a Member City (effective December 31, 2019) and an Owner City (effective immediately), added the City of Des Moines as an Owner City, terminated the Host City Agreement, and made other revisions to provide for the issuance of bonds to refund the 2009 bonds.

On December 11, 2019, the Authority issued its Refunding Bonds, Series 2019 in the aggregate principal amount of \$51,055,000 (2019 Bonds). The 2019 Interlocal Agreement became effective on the date of issuance of the 2019 Bonds. Proceeds of the 2019 Bonds were used, together with a contribution from Federal Way to fully pay its 2009 Capital Contribution, to defease and refund all of the outstanding 2009 Bonds. As a result, Federal Way has satisfied its 2009 Capital Contribution and as of December 31, 2019, will no longer be considered a Member City of SCORE.

Pursuant to the 2019 Interlocal Agreement and the ordinances of each city, each remaining Owner City (including the cities of Auburn, Burien, Des Moines, Renton, SeaTac, and Tukwila) is obligated to budget for and pay its share, and only its share, of the principal of and interest on the 2019 Bonds as the same become due and payable (referred to as each Owner City's 2019 Capital Contribution). Each Owner City's obligation to pay its 2019 Capital Contribution is an irrevocable, unconditional full faith and credit obligation of such owner City, payable from regular property taxes levied within the constitutional and statutory authority provided without a vote of the electors of the Owner City on all of the taxable property within the Owner City and other sources of revenues available therefor. The City of Federal Way is not obligated, under the 2019 Interlocal Agreement or otherwise, to pay debt service on the 2019 Bonds or other debt of the Authority.

The following is a summary of the debt service requirements and the 2019 Capital Contributions for the 2019 Bonds:

Summary of Debt Service Requirements - Refunding Bonds, 2019 (Ref 2009A & 2009B)									
Debt Service Schedule				Debt Service Allocation to Owner Cities					
Year	Principal	Interest	Total	Auburn 34.94%	Burien 4.82%	Des Moines 6.02%	Renton 40.96%	SeaTac 3.62%	Tukwila 9.64%
2020	1,825,000	2,083,180	3,908,180	1,365,518	188,374	235,272	1,600,791	141,476	376,749
2021	1,840,000	2,069,700	3,909,700	1,366,049	188,448	235,364	1,601,413	141,531	376,895
2022	1,915,000	1,996,100	3,911,100	1,366,538	188,515	235,448	1,601,987	141,582	377,030
2023	1,990,000	1,919,500	3,909,500	1,365,979	188,438	235,352	1,601,331	141,524	376,876
2024	2,070,000	1,839,900	3,909,900	1,366,119	188,457	235,376	1,601,495	141,538	376,914
2025-2029	11,895,000	7,653,500	19,548,500	6,830,246	942,238	1,176,820	8,007,066	707,656	1,884,475
2030-2034	15,090,000	4,460,600	19,550,600	6,830,980	942,339	1,176,946	8,007,926	707,732	1,884,678
2035-2038	14,430,000	1,206,850	15,636,850	5,463,515	753,696	941,338	6,404,854	566,054	1,507,392
<b>Totals</b>	<b>\$ 51,055,000</b>	<b>\$ 23,229,330</b>	<b>\$ 74,284,330</b>	<b>\$ 25,954,944</b>	<b>\$ 3,580,505</b>	<b>\$ 4,471,916</b>	<b>\$ 30,426,863</b>	<b>\$ 2,689,093</b>	<b>\$ 7,161,009</b>

South Correctional Entity (SCORE)					
Member City	2018 Percent of Equity	2018 Equity Balance	2019 Percent of Equity	2019 Apportionment	2019 Equity Balance
Auburn	29.00%	\$ 4,097,405	42.75%	\$ 9,388,551	\$ 13,485,956
Burien	4.00%	526,262	5.21%	1,116,489	1,642,751
Des Moines	2.00%	341,845	4.65%	1,123,593	1,465,438
Federal Way	24.00%	3,485,570	0.00%	(3,485,570)	-
Renton	29.00%	4,157,539	31.93%	5,913,244	10,070,783
SeaTac	5.00%	719,440	7.59%	1,675,971	2,395,411
Tukwila	7.00%	1,031,108	7.87%	1,450,471	2,481,579
<b>Grand Totals</b>	<b>100.00%</b>	<b>\$ 14,359,169</b>	<b>100.00%</b>	<b>\$ 17,182,749</b>	<b>\$ 31,541,918</b>

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

### Investment in Joint Ventures

	Balance 12/31/2018	Additions	Reductions	Balance 12/31/2019
Valley Communication Public Dev Auth	\$ -	\$ -	\$ -	\$ -
SCORE Public Development Authority	22,202,200	17,838,617	(22,202,200)	17,838,617
Due to Other Governments	22,202,200	17,838,617	(22,202,200)	17,838,617
Valley Communications Center	6,040,861	592,819	-	6,633,680
South Correctional Entity (SCORE)	4,097,405	9,388,551	-	13,485,956
Equity Share	10,138,266	9,981,370	-	20,119,636
<b>Total Investment in Joint Ventures</b>				<b>\$ 37,958,253</b>

**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. As of 2019 there are no longer any active LEOFF 1 firefighters. Premium and benefit payments for retired LEOFF 1 firefighters for 2019 were \$151,065. Medical premiums and benefit payments made under the Fire Relief and Pension Plan for 2019 were \$72,661.

**NOTE 17 – CONTINGENCIES AND LITIGATIONS**

As of December 31, 2019 a number of claims were pending against the City for damages and legal actions. While the outcome of these actions is uncertain, no uncovered losses are anticipated at this time with these pending claims. In the event of a liability finding against the City, it is anticipated that any potential adverse judgment against the City also would be subject to coverage under the City's general liability insurance.

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

**NOTE 18 – RISK MANAGEMENT & INSURANCE****Risk Management**

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

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 163 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, errors or omissions, stop gap, employment practices and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregate sublimits. 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 coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members’ deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$300 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members’ deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, 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, reinsurance and administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

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

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

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

**Workers’ Compensation**

Title 51 RCW requires the City to ensure payment of benefits for job-related injuries and diseases through the Workers’ Compensation fund or through self-insurance. The City become self-insured for Worker’s Compensation in 2014. The funding and allocations for the worker’s compensation program are reviewed by an actuary on an annual basis. The actuarial study made by Bickmore as of December 31, 2019 projected ultimate loss during 2020 and 2021 program years to be \$577,000 and \$610,000, respectively. At December 31, 2019 incurred but not reported and claims payable were estimated at \$932,000. At December 31, 2019 fund equity was \$1,869,461. The City carries excess works’ compensation insurance coverage with a private carrier for losses exceeding \$500,000 per occurrence to a maximum indemnity in occurrence with statutory limits. Claims handling is currently contracted to an independent, qualified third party administrator (TPA).

The Workers Compensation claims liability includes an estimated amount for claims that have been incurred but not reported (IBNR). Reported claims liabilities are based on the requirements of GABS 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonable estimated. Changes in the Workers Compensation self-insurance fund claims liabilities in 2018 and 2019 were:

**CHANGES OF ESTIMATED CLAIMS LIABILITIES FOR 2019 AND 2018**

	<b>Workers Compensation</b>	
	<b>2019</b>	<b>2018</b>
Beg. of Year Claims Liabilities	\$1,009,000	\$1,055,000
Less: Claim Payments	(126,178)	(134,255)
Plus: Claims and Changes in Estimates	49,178	88,255
<b>End of Year Claims Liabilities</b>	<b>\$932,000</b>	<b>\$1,009,000</b>

**NOTE 19 – TAX ABATEMENTS**

The city offers a multifamily property tax exemption within the downtown core to encourage construction of new multifamily housing, and that the provisions of additional housing opportunities in the downtown core will assist in achieving the goals of the city's comprehensive plan. Under Chapter 84.14 RCW, the city provides the opportunity for a limited, eight-year exemptions from ad valorem property taxation for a qualified new multifamily and rehabilitated multifamily housing constructed in the downtown core and twelve-year exemptions from ad valorem property taxation for qualified new affordable multifamily and rehabilitated multifamily housing contracted in the downtown core. Abatements are obtained through application by the property owner, including proof of improvements that have been made, and equal 100 percent of the additional property tax resulting from the increase in assessed value as a result of the improvements. If application is approved and all requirements meet, exemption begins January 1<sup>st</sup>, of the year immediately following the calendar year of issuance of the final certificate of tax exemption. If at any time it is determined the property no longer complies with the terms of the contract or the requirements, or the use of the property for any reason no longer qualifies for the tax exemption, the tax exemption shall be cancelled and additional taxes, interest and penalties imposed.

The city has the following tax abatement agreement(s) in place as of December 31, 2019.

1) Plan A Development LLC, project name Trek Apartments; a four story building of 126 apartment units with outdoor plaza and ground parking and retail space. The final certificate of tax exemption was issued December 3, 2015, with the eight-year ad valorem property tax exemption to start with tax year 2016. The city's portion of the property tax abated during the fiscal year 2019 was \$38,801.

2) Merrill Gardens at Auburn LLC, project name Merrill Gardens; a senior living community with 129 apartment units (114 assisted living units and 15 memory care units). The building is four stories above grade with one level of below grade parking. The final certificate of tax exemption was issued September 14, 2017, with the eight-year ad valorem property tax exemption to start with tax year 2018. The city's portion of the property tax abated during the fiscal year 2019 was \$42,613.

**NOTE 20 – SUBSEQUENT EVENTS**

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of coronavirus (COVID-19). In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function.

In March 2020, the Mayor issued a Proclamation of Emergency as a proactive measure to protect the health and safety of city residents. While this measure has subsequently led to the closure of city facilities to the public in conjunction with the Governor's *Stay Home, Stay Healthy* order, city staff continue to deliver municipal services through teleworking.

The length of time these measures will be in place, and the full extent of the financial impact is unknown at this time. The Mayor and Leadership Team continue to monitor the situation during this period of uncertainty.

On June 16, 2020, the City issued \$23,865,000 of utility system revenue and refunding bonds. The proceeds will be used to advance refund the outstanding 2010 utility system revenue bonds in the principal amount of \$14,505,000 and to fund water utility system capital improvements. The bonds bear interest rates of 4 – 5% and will mature December 1, 2039.



REQUIRED SUPPLEMENTARY INFORMATION  
 Schedule of Proportionate Share of the Net Pension Liability  
 As of June 30, 2019  
 Last 10 Fiscal Years\*

<b>PERS 1</b>	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.184008%	0.190096%	0.192614%	0.194185%	0.192878%
Employer's proportionate share of the net pension liability (asset)	\$ 7,075,761	\$ 8,489,752	\$ 9,139,685	\$ 10,428,649	\$ 10,089,313
Covered payroll	\$ 25,792,744	\$ 24,866,577	\$ 24,085,628	\$ 22,947,013	\$ 21,788,519
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	27.43%	34.14%	37.95%	45.45%	46.31%
Plan fiduciary net position as a percentage of the total pension liability	67.12%	63.22%	61.24%	57.03%	59.10%
<b>PERS 2/3</b>	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.236778%	0.239249%	0.243488%	0.247760%	0.241739%
Employer's proportionate share of the net pension liability (asset)	\$ 2,299,919	\$ 4,084,964	\$ 8,460,044	\$ 12,223,580	\$ 8,637,472
Covered payroll	\$ 25,763,285	\$ 24,674,226	\$ 23,904,107	\$ 22,734,107	\$ 21,460,504
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	8.93%	16.56%	35.39%	53.77%	40.25%
Plan fiduciary net position as a percentage of the total pension liability	97.77%	95.77%	90.97%	85.82%	89.20%
<b>LEOFF 1</b>	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.097999%	0.101761%	0.102451%	0.101574%	0.103718%
Employer's proportionate share of the net pension liability (asset)	\$ (1,937,059)	\$ (1,847,473)	\$ (1,554,407)	\$ (1,046,503)	\$ (1,250,031)
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	148.78%	144.42%	136.00%	123.74%	127.36%
<b>LEOFF 2</b>	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.394720%	0.403472%	0.370954%	0.359661%	0.354511%
Employer's proportionate share of the net pension liability (asset)	\$ (9,144,451)	\$ (8,191,361)	\$ (5,147,640)	\$ (2,091,896)	\$ (2,193,486)
State's proportionate share of the net pension liability (asset) associated with the employer	\$ (5,988,390)	\$ (5,303,752)	\$ (3,339,178)	\$ (1,363,764)	\$ (1,450,178)
Total	\$ (15,132,841)	\$ (13,495,113)	\$ (8,486,818)	\$ (3,455,660)	\$ (3,643,664)
Covered payroll	\$ 13,248,982	\$ 12,697,917	\$ 11,623,292	\$ 10,953,667	\$ 10,336,409
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	-69.02%	-64.51%	-44.29%	-19.10%	-21.22%
Plan fiduciary net position as a percentage of the total pension liability	119.43%	118.50%	113.40%	106.04%	111.67%

REQUIRED SUPPLEMENTARY INFORMATION  
Schedule of Proportionate Share of the Net Pension Liability  
As of June 30, 2019  
Last 10 Fiscal Years\*

\* The City implemented GASB Statement No. 68 in fiscal year 2015. Information is not available for prior years. The schedule will be built prospectively until it contains ten years of data.

Notes to Schedule:

Significant methods and assumptions used in calculating the actuarial determined contribution are presented in Note 10.

Contribution and covered payroll on this schedule is based on the plan fiscal year – July 1 – June 30.

The LEOFF 1 plan is closed and has no further covered payroll.

REQUIRED SUPPLEMENTARY INFORMATION  
 Schedule of Employer Contributions  
 As of December 31 2019  
 Last 10 Fiscal Years\*

<b>PERS 1</b>	2019	2018	2017	2016	2015
Statutorily or contractually required contributions	\$ 1,310,731	\$ 1,296,482	\$ 1,216,069	\$ 1,132,885	\$ 1,001,824
Contributions in relation to the statutorily or contractually required contributions	\$ (1,310,731)	\$ (1,296,482)	\$ (1,216,069)	\$ (1,132,885)	\$ (1,001,824)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$26,516,814	\$25,212,705	\$24,538,921	\$23,510,382	\$22,436,909
Contributions as a percentage of covered payroll	4.94%	5.14%	4.96%	4.82%	4.47%
<b>PERS 2/3</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Statutorily or contractually required contributions	\$ 2,047,116	\$ 1,941,592	\$ 1,714,887	\$ 1,495,562	\$ 1,286,928
Contributions in relation to the statutorily or contractually required contributions	\$ (2,047,116)	\$ (1,941,592)	\$ (1,714,887)	\$ (1,495,562)	\$ (1,286,928)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$26,516,814	\$25,087,758	\$24,350,435	\$23,330,702	\$22,130,501
Contributions as a percentage of covered payroll	7.72%	7.74%	7.04%	6.41%	5.82%
<b>LEOFF 2</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Statutorily or contractually required contributions	\$ 730,140	\$ 708,333	\$ 639,662	\$ 594,665	\$ 551,812
Contributions in relation to the statutorily or contractually required contributions	\$ (730,140)	\$ (708,333)	\$ (639,662)	\$ (594,665)	\$ (551,812)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$13,597,937	\$13,044,797	\$11,992,821	\$11,370,216	\$10,553,437
Contributions as a percentage of covered payroll	5.37%	5.43%	5.33%	5.23%	5.23%

\* The City implemented GASB Statement No. 68 in fiscal year 2015. Information is not available for prior years. The schedule will be built prospectively until it contains ten years of data.

Note to Schedule:

Significant methods and assumptions used in calculating the actuarial determined contribution are presented in Note 10.

REQUIRED SUPPLEMENTARY INFORMATION  
 Schedule of Changes in Total Pension Liability & Related Ratios  
 Fire Relief and Pension Plan  
 Last 10 Fiscal Years \*

	Fiscal Year Ending December 31									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Total Pension Liability - Beginning</b>	<b>\$2,973,304</b>	<b>\$3,212,435</b>	<b>\$3,218,004</b>	N/A						
Service Cost	-	-	-	N/A						
Interest on Total Pension Liability	114,553	108,873	116,957	N/A						
Effect of Plan Changes	-	-	-	N/A						
Effect of Economic/Demographic Gains (Losses)	208,957	-	-	N/A						
Effect of Assumption Changes or Inputs	376,773	(142,719)	77,612	N/A						
Benefit Payments	(221,139)	(205,285)	(200,138)	N/A						
<b>Net Change in Total Pension Liability</b>	<b>479,144</b>	<b>(239,131)</b>	<b>(5,569)</b>	N/A						
<b>Total Pension Liability - Ending</b>	<b>\$3,452,448</b>	<b>\$2,973,304</b>	<b>\$3,212,435</b>	N/A						
Covered Payroll	-	-	-	N/A						
<b>Total Pension Liability as a % of Covered Payroll</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\* The City implemented GASB Statement No. 73 in fiscal year 2017. Information is not available for prior years. The schedule will be built prospectively until it contains ten years of data.

Notes to Schedule:

No assets have been accumulated in a trust that meets the criteria of a qualified plan.

The effect of assumption changes or inputs is the result of a change in the discount rate from 4.00% as of December 31, 2018 to 2.75% as of December 31, 2019.

Significant methods and assumptions used in calculating the actuarial determined contribution are presented in Note 10.

REQUIRED SUPPLEMENTARY INFORMATION  
 Schedule of Changes in Total OPEB Liability and Related Ratios  
 Firemen's Relief and Pension Plan and LEOFF 1 Employees  
 For the Year Ended December 31  
 Last 10 Fiscal Years\*

	Fiscal Year Ending December 31									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Total OPEB Liability - Beginning</b>	<b>\$16,228,865</b>	<b>\$17,472,360</b>	<b>N/A</b>							
Service Cost	-	-	N/A							
Interest on Total OPEB Liability	636,891	597,724	N/A							
Changes of Benefit Terms	-	-	N/A							
Effect of Economic/Demographic Gains (Losses)	(3,427,650)	-	N/A							
Effect of Assumption Changes or Inputs	883,507	(1,045,269)	N/A							
Expected Benefit Payments	(619,254)	(795,950)	N/A							
<b>Total OPEB Liability - Ending</b>	<b>\$13,702,359</b>	<b>\$16,228,865</b>	<b>N/A</b>							
Covered Payroll	-	-	N/A							
<b>Total OPEB Liability as a % of Covered Payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

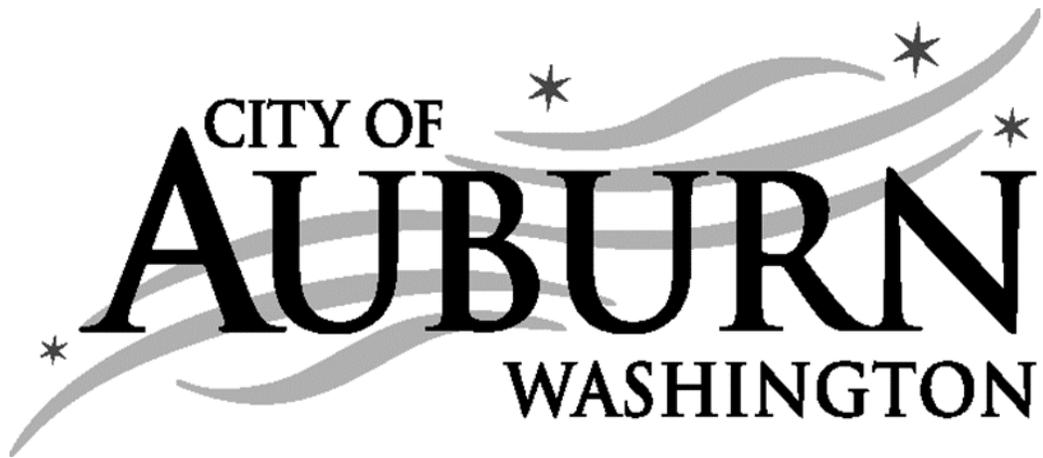
\* The City implemented GASB Statement No. 75 in fiscal year 2018. Information is not available for prior years. The schedule will be built prospectively until it contains ten years of data.

Notes to Schedule:

No assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

The effect of assumption changes or inputs is the result of a change in the discount rate from 4.00% as of December 31, 2018 to 2.75% as of December 31, 2019.

Significant methods and assumptions used in calculating the actuarial determined contribution are presented in Note 10.



## 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**

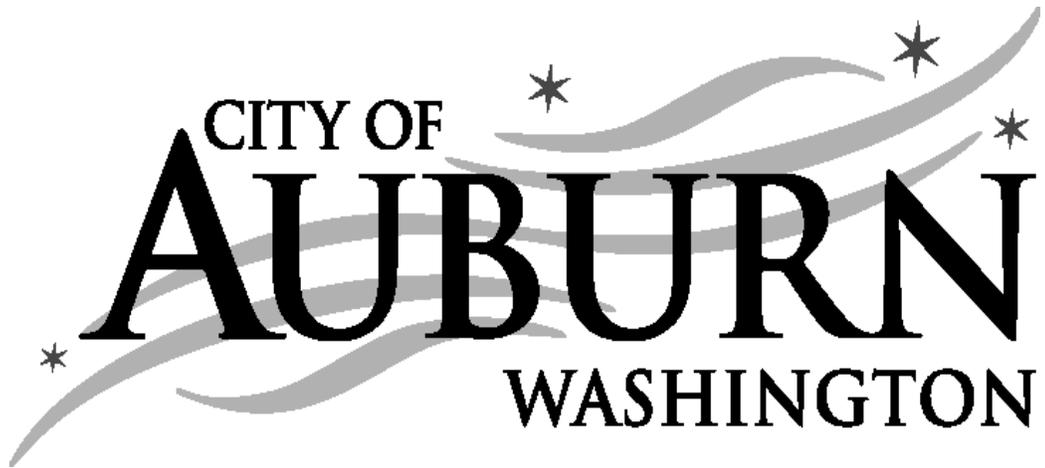
Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support City programs that are for the benefit of the City or its citizens.

City of Auburn, Washington  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENT FUNDS**  
 December 31, 2019

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 22,868,663	\$ 39,999	\$ 868,884	\$ 475,226	\$ 24,252,772
Investments	-	-	-	1,513,820	1,513,820
Receivables:					
Customer Accounts	81,015	-	-	-	81,015
Other Receivables	298,438	-	-	-	298,438
Special Assessments	-	1,730	-	-	1,730
Due From Other Governmental Units	511,507	-	261,906	-	773,413
<b>Total Assets</b>	<b>23,759,623</b>	<b>41,729</b>	<b>1,130,790</b>	<b>1,989,046</b>	<b>26,921,188</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES:</b>					
Liabilities:					
Current Payables	1,227,736	-	85,635	-	1,313,371
Interfund Payable (Note 5)	100,000	-	-	-	100,000
Other Liabilities Payable	1,956,955	-	-	-	1,956,955
<b>Total Liabilities</b>	<b>3,284,691</b>	<b>-</b>	<b>85,635</b>	<b>-</b>	<b>3,370,326</b>
Deferred Inflow of Resources:					
Unavailable Revenue-Special Assessments	-	1,730	-	-	1,730
<b>Total Deferred Inflow of Resources</b>	<b>-</b>	<b>1,730</b>	<b>-</b>	<b>-</b>	<b>1,730</b>
Fund Balances:					
Nonspendable	-	-	-	1,826,063	1,826,063
Restricted	16,994,737	1,917	665,416	-	17,662,070
Committed	3,172,152	-	-	-	3,172,152
Assigned	308,043	38,082	379,739	162,983	888,847
<b>Total Fund Balances</b>	<b>20,474,932</b>	<b>39,999</b>	<b>1,045,155</b>	<b>1,989,046</b>	<b>23,549,132</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 23,759,623</b>	<b>\$ 41,729</b>	<b>\$ 1,130,790</b>	<b>\$ 1,989,046</b>	<b>\$ 26,921,188</b>

City of Auburn, Washington  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENT FUNDS**  
For the Year Ended December 31, 2019

	Total Nonmajor Special Revenue	Total Nonmajor Debt Service	Total Nonmajor Capital Projects	Total Nonmajor Permanent	Total Nonmajor Governmental
<b>REVENUES:</b>					
Taxes:					
Property	\$ -	\$ -	\$ 150,803	\$ -	\$ 150,803
Retail Sales & Use	-	254,494	-	-	254,494
Interfund Utility	680,033	-	-	-	680,033
Utility	1,264,422	-	-	-	1,264,422
Excise	141,226	-	-	-	141,226
Other	73,577	-	-	-	73,577
Intergovernmental	1,939,085	463,505	547,505	-	2,950,095
Charges for Services	2,868,447	-	6,367	50,610	2,925,424
Special Assessments	-	2,807	-	-	2,807
Investment Earnings	431,256	2,218	19,004	41,607	494,085
Miscellaneous	1,066,520	881	66,911	-	1,134,312
Total Revenues	<u>8,464,566</u>	<u>723,905</u>	<u>790,590</u>	<u>92,217</u>	<u>10,071,278</u>
<b>EXPENDITURES:</b>					
Current:					
Security of Persons & Property	296,666	-	-	-	296,666
Transportation	6,149,378	-	-	-	6,149,378
Economic Environment	890,702	-	-	-	890,702
Debt Service:					
Principal	-	1,175,766	-	-	1,175,766
Interest	-	1,450,022	-	-	1,450,022
Capital Outlay	-	-	1,338,425	-	1,338,425
Total Expenditures	<u>7,336,746</u>	<u>2,625,788</u>	<u>1,338,425</u>	<u>-</u>	<u>11,300,959</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,127,820</u>	<u>(1,901,883)</u>	<u>(547,835)</u>	<u>92,217</u>	<u>(1,229,681)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Insurance Recoveries	-	-	49,259	-	49,259
Transfers In (Note 5)	2,969,187	1,921,645	545,840	-	5,436,672
Transfers Out (Note 5)	<u>(1,227,735)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,227,735)</u>
Total Other Financing Sources (Uses)	<u>1,741,452</u>	<u>1,921,645</u>	<u>595,099</u>	<u>-</u>	<u>4,258,196</u>
Net Change in Fund Balances	<u>2,869,272</u>	<u>19,762</u>	<u>47,264</u>	<u>92,217</u>	<u>3,028,515</u>
Fund Balances - Beginning	<u>17,605,660</u>	<u>20,237</u>	<u>997,891</u>	<u>1,896,829</u>	<u>20,520,617</u>
Fund Balances - Ending	<u>\$ 20,474,932</u>	<u>\$ 39,999</u>	<u>\$ 1,045,155</u>	<u>\$ 1,989,046</u>	<u>\$ 23,549,132</u>



## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

#### **Drug Forfeiture Fund**

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

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

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

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

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

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

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

#### **Mitigation Fees**

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

City of Auburn, Washington  
**COMBINING BALANCE SHEET**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
December 31, 2019

Page 1 of 2

	Local Streets	Hotel/ Motel Tax	Arterial Street Preservation	Drug Forfeiture	Housing Community Development
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 3,143,992	\$ 266,466	\$ 1,427,577	\$ 1,410,477	\$ 50,734
Receivables:					
Customer Accounts	-	-	80,604	411	-
Other Receivables	-	-	298,438	-	-
Due From Other Governmental Units	-	-	392,693	13,326	105,488
Total Assets	<u>3,143,992</u>	<u>266,466</u>	<u>2,199,312</u>	<u>1,424,214</u>	<u>156,222</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
Liabilities:					
Current Payables	593,380	17,280	157,393	146,241	13,318
Interfund Payable (Note 5)	-	-	-	-	100,000
Other Liabilities Payable	-	-	-	-	-
Total Liabilities	<u>593,380</u>	<u>17,280</u>	<u>157,393</u>	<u>146,241</u>	<u>113,318</u>
Fund Balances:					
Restricted	-	249,186	1,226,279	1,252,739	42,904
Committed	2,478,880	-	693,272	-	-
Assigned	71,732	-	122,368	25,234	-
Total Fund Balances	<u>2,550,612</u>	<u>249,186</u>	<u>2,041,919</u>	<u>1,277,973</u>	<u>42,904</u>
Total Liabilities and Fund Balances	<u>\$ 3,143,992</u>	<u>\$ 266,466</u>	<u>\$ 2,199,312</u>	<u>\$ 1,424,214</u>	<u>\$ 156,222</u>

Page 2 of 2

Recreational Trails	Business Improvement Area	Mitigation Fees	Total Nonmajor Special Revenue Funds
\$ 74,425	\$ 133,825	\$ 16,361,167	\$ 22,868,663
-	-	-	81,015
-	-	-	298,438
-	-	-	511,507
<u>74,425</u>	<u>133,825</u>	<u>16,361,167</u>	<u>23,759,623</u>
-	-	300,124	1,227,736
-	-	-	100,000
-	-	1,956,955	1,956,955
-	-	2,257,079	3,284,691
72,876	130,916	14,019,837	16,994,737
-	-	-	3,172,152
1,549	2,909	84,251	308,043
<u>74,425</u>	<u>133,825</u>	<u>14,104,088</u>	<u>20,474,932</u>
<u>\$ 74,425</u>	<u>\$ 133,825</u>	<u>\$ 16,361,167</u>	<u>\$ 23,759,623</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, 2019

	Local Streets	Hotel/ Motel Tax	Arterial Street Preservation	Drug Forfeiture	Housing Community Development
<b>REVENUES:</b>					
Taxes:					
Interfund Utility	\$ -	\$ -	\$ 680,033	\$ -	\$ -
Utility	-	-	1,264,422	-	-
Excise	-	141,226	-	-	-
Other	-	-	-	-	-
Intergovernmental	-	-	1,226,279	-	705,806
Charges for Services	-	3,500	80,603	25,691	-
Investment Earnings	71,732	4,807	41,765	25,234	-
Miscellaneous	-	-	-	1,066,520	-
<b>Total Revenues</b>	<u>71,732</u>	<u>149,533</u>	<u>3,293,102</u>	<u>1,117,445</u>	<u>705,806</u>
<b>EXPENDITURES:</b>					
Current:					
Security of Persons and Property	-	-	-	296,666	-
Transportation	2,221,077	-	3,928,301	-	-
Economic Environment	-	88,422	-	-	743,806
Total Expenditures	<u>2,221,077</u>	<u>88,422</u>	<u>3,928,301</u>	<u>296,666</u>	<u>743,806</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,149,345)</u>	<u>61,111</u>	<u>(635,199)</u>	<u>820,779</u>	<u>(38,000)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In (Note 5)	1,900,000	-	632,659	-	38,000
Transfers Out (Note 5)	-	(9,600)	-	-	-
Total Other Financing Sources (Uses)	<u>1,900,000</u>	<u>(9,600)</u>	<u>632,659</u>	<u>-</u>	<u>38,000</u>
Net Change in Fund Balances	<u>(249,345)</u>	<u>51,511</u>	<u>(2,540)</u>	<u>820,779</u>	<u>-</u>
Fund Balances - Beginning	<u>2,799,957</u>	<u>197,675</u>	<u>2,044,459</u>	<u>457,194</u>	<u>42,904</u>
Fund Balances - Ending	<u>\$ 2,550,612</u>	<u>\$ 249,186</u>	<u>\$ 2,041,919</u>	<u>\$ 1,277,973</u>	<u>\$ 42,904</u>

Recreational Trails	Business Improvement Area	Mitigation Fees	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ 680,033
-	-	-	1,264,422
-	-	-	141,226
-	73,577	-	73,577
7,000	-	-	1,939,085
-	-	2,758,653	2,868,447
1,549	2,909	283,260	431,256
-	-	-	1,066,520
<u>8,549</u>	<u>76,486</u>	<u>3,041,913</u>	<u>8,464,566</u>
-	-	-	296,666
-	-	-	6,149,378
-	58,474	-	890,702
-	<u>58,474</u>	-	<u>7,336,746</u>
<u>8,549</u>	<u>18,012</u>	<u>3,041,913</u>	<u>1,127,820</u>
-	-	398,528	2,969,187
-	-	(1,218,135)	(1,227,735)
-	-	(819,607)	1,741,452
<u>8,549</u>	<u>18,012</u>	<u>2,222,306</u>	<u>2,869,272</u>
<u>65,876</u>	<u>115,813</u>	<u>11,881,782</u>	<u>17,605,660</u>
<u>\$ 74,425</u>	<u>\$ 133,825</u>	<u>\$ 14,104,088</u>	<u>\$ 20,474,932</u>

City of Auburn, Washington  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**LOCAL STREETS SPECIAL REVENUE FUND**  
For the Year Ended December 31, 2019

	Budget Amounts		Actual Results	Variance with Final Budget Positive (Negative)
	Original (GAAP Basis)	Final Adopted (GAAP Basis)		
<b>REVENUES:</b>				
Investment Earnings	\$ 12,000	\$ 12,000	\$ 71,732	\$ 59,732
Total Revenues	<u>12,000</u>	<u>12,000</u>	<u>71,732</u>	<u>59,732</u>
<b>EXPENDITURES:</b>				
Current:				
Transportation	2,605,900	3,505,376	2,221,077	1,284,299
Total Expenditures	<u>2,605,900</u>	<u>3,505,376</u>	<u>2,221,077</u>	<u>1,284,299</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(2,593,900)</u>	<u>(3,493,376)</u>	<u>(2,149,345)</u>	<u>1,344,031</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In (Note 5)	1,900,000	1,900,000	1,900,000	-
Total Other Financing Sources (Uses)	<u>1,900,000</u>	<u>1,900,000</u>	<u>1,900,000</u>	<u>-</u>
Net Change in Fund Balances	<u>(693,900)</u>	<u>(1,593,376)</u>	<u>(249,345)</u>	<u>1,344,031</u>
Fund Balances - Beginning	1,650,780	2,799,957	2,799,957	-
Fund Balances - Ending	<u>\$ 956,880</u>	<u>\$ 1,206,581</u>	<u>\$ 2,550,612</u>	<u>\$ 1,344,031</u>

City of Auburn, Washington  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**HOTEL/MOTEL TAX SPECIAL REVENUE FUND**  
For the Year Ended December 31, 2019

	Budget Amounts		Actual Results	Variance with Final Budget Positive (Negative)
	Original (GAAP Basis)	Final Adopted (GAAP Basis)		
<b>REVENUES:</b>				
Taxes:				
Excise	\$ 150,000	\$ 150,000	\$ 141,226	\$ (8,774)
Charges for Services	-	-	3,500	3,500
Investment Earnings	3,600	3,600	4,807	1,207
Total Revenues	<u>153,600</u>	<u>153,600</u>	<u>149,533</u>	<u>(4,067)</u>
<b>EXPENDITURES:</b>				
Current:				
Economic Environment	160,050	192,100	88,422	103,678
Total Expenditures	<u>160,050</u>	<u>192,100</u>	<u>88,422</u>	<u>103,678</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(6,450)</u>	<u>(38,500)</u>	<u>61,111</u>	<u>99,611</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out (Note 5)	-	(9,600)	(9,600)	-
Total Other Financing sources and Uses	<u>-</u>	<u>(9,600)</u>	<u>(9,600)</u>	<u>-</u>
Net Change in fund Balances	<u>(6,450)</u>	<u>(48,100)</u>	<u>51,511</u>	<u>99,611</u>
Fund Balances - Beginning	108,571	197,675	197,675	-
Fund Balances - Ending	<u>\$ 102,121</u>	<u>\$ 149,575</u>	<u>\$ 249,186</u>	<u>\$ 99,611</u>

City of Auburn, Washington  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**ARTERIAL STREET PRESERVATION SPECIAL REVENUE FUND**  
For the Year Ended December 31, 2019

	Budget Amounts		Actual Results	Variance with Final Budget Positive (Negative)
	Original (GAAP Basis)	Final Adopted (GAAP Basis)		
<b>REVENUES:</b>				
Taxes:				
Interfund Utility	\$ 674,600	\$ 674,600	\$ 680,033	\$ 5,433
Utility	1,361,300	1,361,300	1,264,422	(96,878)
Intergovernmental	893,620	1,701,111	1,226,279	(474,832)
Charges for Services	-	-	80,603	80,603
Investment Earnings	29,800	29,800	41,765	11,965
Total Revenues	<u>2,959,320</u>	<u>3,766,811</u>	<u>3,293,102</u>	<u>(473,709)</u>
<b>EXPENDITURES:</b>				
Current:				
Transportation	3,172,240	5,696,722	3,928,301	1,768,421
Total Expenditures	<u>3,172,240</u>	<u>5,696,722</u>	<u>3,928,301</u>	<u>1,768,421</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(212,920)</u>	<u>(1,929,911)</u>	<u>(635,199)</u>	<u>1,294,712</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In (Note 5)	-	1,445,679	632,659	(813,020)
Transfers Out (Note 5)	-	(26,831)	-	26,831
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,418,848</u>	<u>632,659</u>	<u>(786,189)</u>
Net Change in Fund Balances	<u>(212,920)</u>	<u>(511,063)</u>	<u>(2,540)</u>	<u>508,523</u>
Fund Balances - Beginning	1,582,337	2,044,459	2,044,459	-
Fund Balances - Ending	<u>\$ 1,369,417</u>	<u>\$ 1,533,396</u>	<u>\$ 2,041,919</u>	<u>\$ 508,523</u>

City of Auburn, Washington  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**DRUG FORFEITURE SPECIAL REVENUE FUND**  
 For the Year Ended December 31, 2019

	Budget Amounts		Actual Results	Variance with Final Budget Positive (Negative)
	Original (GAAP Basis)	Final Adopted (GAAP Basis)		
<b>REVENUES:</b>				
Charges for Services	\$ 18,000	\$ 18,000	\$ 25,691	\$ 7,691
Investment Earnings	6,000	6,000	25,234	19,234
Miscellaneous	131,000	131,000	1,066,520	935,520
Total Revenues	<u>155,000</u>	<u>155,000</u>	<u>1,117,445</u>	<u>962,445</u>
<b>EXPENDITURES:</b>				
Current:				
Security of Persons & Property	<u>298,037</u>	<u>325,037</u>	<u>296,666</u>	<u>28,371</u>
Total Expenditures	<u>298,037</u>	<u>325,037</u>	<u>296,666</u>	<u>28,371</u>
<b>Excess (Deficiency of Revenues Over (Under) Expenditures</b>	<u>(143,037)</u>	<u>(170,037)</u>	<u>820,779</u>	<u>990,816</u>
Net Change in Fund Balances	<u>(143,037)</u>	<u>(170,037)</u>	<u>820,779</u>	<u>990,816</u>
Fund Balances - Beginning	376,497	457,194	457,194	-
Fund Balances - Ending	<u>\$ 233,460</u>	<u>\$ 287,157</u>	<u>\$ 1,277,973</u>	<u>\$ 990,816</u>

City of Auburn, Washington  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**HOUSING & COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND**  
For the Year Ended December 31, 2019

	Budget Amounts		Actual Results	Variance with Final Budget Positive (Negative)
	Original (GAAP Basis)	Final Adopted (GAAP Basis)		
<b>REVENUES:</b>				
Intergovernmental	\$ 590,000	\$ 859,900	\$ 705,806	\$ (154,094)
Total Revenues	<u>590,000</u>	<u>859,900</u>	<u>705,806</u>	<u>(154,094)</u>
<b>EXPENDITURES:</b>				
Current:				
Economic Environment	590,000	899,900	743,806	156,094
Total Expenditures	<u>590,000</u>	<u>899,900</u>	<u>743,806</u>	<u>156,094</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>(40,000)</u>	<u>(38,000)</u>	<u>2,000</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In (Note 5)	-	40,000	38,000	(2,000)
Total Other Financing Sources and Uses	<u>-</u>	<u>40,000</u>	<u>38,000</u>	<u>(2,000)</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Beginning	36,458	42,904	42,904	-
Fund Balances - Ending	<u>\$ 36,458</u>	<u>\$ 42,904</u>	<u>\$ 42,904</u>	<u>\$ -</u>

City of Auburn, Washington  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**RECREATION TRAILS SPECIAL REVENUE FUND**  
For the Year Ended December 31, 2019

	Budget Amounts		Actual Results	Variance with Final Budget Positive (Negative)
	Original (GAAP Basis)	Final Adopted (GAAP Basis)		
<b>REVENUES:</b>				
Intergovernmental	\$ 7,000	\$ 7,000	\$ 7,000	\$ -
Investment Earnings	100	100	1,549	1,449
Total Revenues	<u>7,100</u>	<u>7,100</u>	<u>8,549</u>	<u>1,449</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>7,100</u>	<u>7,100</u>	<u>8,549</u>	<u>1,449</u>
Net Change in Fund Balances	<u>7,100</u>	<u>7,100</u>	<u>8,549</u>	<u>1,449</u>
Fund Balances - Beginning	<u>64,326</u>	<u>65,876</u>	<u>65,876</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 71,426</u>	<u>\$ 72,976</u>	<u>\$ 74,425</u>	<u>\$ 1,449</u>

City of Auburn, Washington  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**BUSINESS IMPROVEMENT AREA SPECIAL REVENUE FUND**  
For the Year Ended December 31, 2019

	Budget Amounts		Actual Results	Variance with Final Budget Positive (Negative)
	Original (GAAP Basis)	Final Adopted (GAAP Basis)		
<b>REVENUES:</b>				
Taxes:				
Other	\$ 55,000	\$ 55,000	\$ 73,577	\$ 18,577
Investment Earnings	200	200	2,909	2,709
Total Revenues	<u>55,200</u>	<u>55,200</u>	<u>76,486</u>	<u>21,286</u>
<b>EXPENDITURES:</b>				
Current:				
Economic Environment	<u>90,000</u>	<u>95,400</u>	<u>58,474</u>	<u>36,926</u>
Total Expenditures	<u>90,000</u>	<u>95,400</u>	<u>58,474</u>	<u>36,926</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(34,800)</u>	<u>(40,200)</u>	<u>18,012</u>	<u>58,212</u>
Net Change in Fund Balances	<u>(34,800)</u>	<u>(40,200)</u>	<u>18,012</u>	<u>58,212</u>
Fund Balances - Beginning	109,473	115,813	115,813	-
Fund Balances - Ending	<u>\$ 74,673</u>	<u>\$ 75,613</u>	<u>\$ 133,825</u>	<u>\$ 58,212</u>

City of Auburn, Washington  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**CUMULATIVE RESERVE SPECIAL REVENUE FUND**  
 For the Year Ended December 31, 2019

	Budget Amounts		Actual Results	Variance with Final Budget Positive (Negative)
	Original (GAAP Basis)	Final Adopted (GAAP Basis)		
<b>REVENUES:</b>				
Investment Earnings	\$ 180,200	\$ 180,200	\$ 267,449	\$ 87,249
Total Revenues	<u>180,200</u>	<u>180,200</u>	<u>267,449</u>	<u>87,249</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>180,200</u>	<u>180,200</u>	<u>267,449</u>	<u>87,249</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out (Note 5)	(142,200)	(142,200)	-	142,200
Total Other Financing Sources (Uses)	<u>(142,200)</u>	<u>(142,200)</u>	<u>-</u>	<u>142,200</u>
Net Change in Fund Balances	<u>38,000</u>	<u>38,000</u>	<u>267,449</u>	<u>229,449</u>
Fund Balances - Beginning	10,124,312	10,158,066	10,158,066	-
Fund Balances - Ending	<u>\$ 10,162,312</u>	<u>\$ 10,196,066</u>	<u>\$ 10,425,515</u>	<u>\$ 229,449</u>

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

The Cumulative Reserve Fund is combined with the General Fund for purposes of GASB Statement 54	(10,425,515)
Fund Balance - Ending (GAAP)	<u>\$ -</u>

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

City of Auburn, Washington  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**MITIGATION SPECIAL REVENUE FUND**  
For the Year Ended December 31, 2019

	Budget Amounts		Actual Results	Variance with Final Budget Positive (Negative)
	Original (GAAP Basis)	Final Adopted (GAAP Basis)		
<b>REVENUES:</b>				
Charges for Services	\$ 1,001,200	\$ 1,001,200	\$ 2,758,653	\$ 1,757,453
Investment Earnings	195,000	195,000	283,260	88,260
Total Revenues	<u>1,196,200</u>	<u>1,196,200</u>	<u>3,041,913</u>	<u>1,845,713</u>
<b>EXPENDITURES:</b>				
Current:				
Security of Person & Property	75,000	75,000	-	75,000
Total Expenditures	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>75,000</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>1,121,200</u>	<u>1,121,200</u>	<u>3,041,913</u>	<u>1,920,713</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In (Note 5)	-	416,200	398,528	(17,672)
Transfers Out (Note 5)	<u>(2,905,350)</u>	<u>(4,386,406)</u>	<u>(1,218,135)</u>	<u>3,168,271</u>
Total Other Financing Sources (Uses)	<u>(2,905,350)</u>	<u>(3,970,206)</u>	<u>(819,607)</u>	<u>3,150,599</u>
Net Change in Fund Balances	<u>(1,784,150)</u>	<u>(2,849,006)</u>	<u>2,222,306</u>	<u>5,071,312</u>
Fund Balances - Beginning	10,886,137	11,881,782	11,881,782	-
Fund Balances - Ending	<u>\$ 9,101,987</u>	<u>\$ 9,032,776</u>	<u>\$ 14,104,088</u>	<u>\$ 5,071,312</u>

## NON-MAJOR GOVERNMENTAL FUNDS

### DEBT SERVICE FUNDS

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

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

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

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

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

#### **The 2016 General Obligation Bonds**

Accounts for the debt service on a Council-approved bond issue to refund on a current basis the 2005 General Obligation Refunding Airport Bonds and refunding on an advance basis the 2006A General Obligation Bonds for Golf and Cemetery.

#### **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**

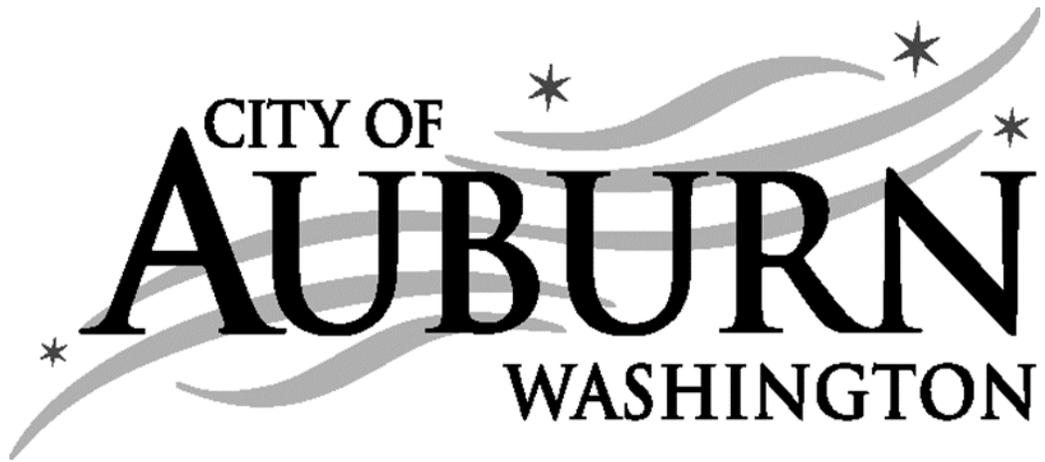
Accounts for the special assessment collections and debt service payments for all local improvement districts located within the City.

City of Auburn, Washington  
**COMBINING BALANCE SHEET**  
**NON-MAJOR DEBT SERVICE FUNDS**  
 December 31, 2019

	2010 A & B Annex	2010 C & D Local Revitalization	2016 Combined Refunding Golf/Cemetery	LID Guarantee	Special Assessments	Total Nonmajor Debt Service Funds
<b>ASSETS:</b>						
Cash and Cash Equivalents	\$ 4,489	\$ 33,593	\$ -	\$ 1,669	\$ 248	\$ 39,999
Special Assessments	-	-	-	-	1,730	1,730
Total Assets	<u>4,489</u>	<u>33,593</u>	<u>-</u>	<u>1,669</u>	<u>1,978</u>	<u>41,729</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES:</b>						
Deferred Inflows of Resources:						
Unavailable Revenue - Special Assessments	-	-	-	-	1,730	1,730
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,730</u>	<u>1,730</u>
Fund Balances:						
Restricted	-	-	-	1,669	248	1,917
Assigned	4,489	33,593	-	-	-	38,082
Total Fund Balances	<u>4,489</u>	<u>33,593</u>	<u>-</u>	<u>1,669</u>	<u>248</u>	<u>39,999</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 4,489</u>	<u>\$ 33,593</u>	<u>\$ -</u>	<u>\$ 1,669</u>	<u>\$ 1,978</u>	<u>\$ 41,729</u>

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, 2019

	2010 A & B Annex	2010 C & D Local Revitalization	2016 Combined Refunding Golf/Cemetery	L I D Guarantee	Special Assessments	Total Nonmajor Debt Service Funds
<b>REVENUES:</b>						
Taxes:						
Retail Sales & Use	\$ -	\$ 254,494	\$ -	\$ -	\$ -	\$ 254,494
Special Assessments	-	-	-	-	2,807	2,807
Intergovernmental	353,437	110,068	-	-	-	463,505
Investment Earnings	-	2,130	-	36	52	2,218
Miscellaneous	-	-	-	-	881	881
Total Revenues	<u>353,437</u>	<u>366,692</u>	<u>-</u>	<u>36</u>	<u>3,740</u>	<u>723,905</u>
<b>EXPENDITURES:</b>						
Debt Service:						
Principal	590,000	245,000	333,866	-	6,900	1,175,766
Interest	1,074,848	334,731	40,098	-	345	1,450,022
Total Expenditures	<u>1,664,848</u>	<u>579,731</u>	<u>373,964</u>	<u>-</u>	<u>7,245</u>	<u>2,625,788</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,311,411)</u>	<u>(213,039)</u>	<u>(373,964)</u>	<u>36</u>	<u>(3,505)</u>	<u>(1,901,883)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers In (Note 5)	<u>1,315,900</u>	<u>231,800</u>	<u>373,945</u>	<u>-</u>	<u>-</u>	<u>1,921,645</u>
Total Other Financing Sources (Uses)	<u>1,315,900</u>	<u>231,800</u>	<u>373,945</u>	<u>-</u>	<u>-</u>	<u>1,921,645</u>
Net Change in Fund Balances	<u>4,489</u>	<u>18,761</u>	<u>(19)</u>	<u>36</u>	<u>(3,505)</u>	<u>19,762</u>
Fund Balances - Beginning	<u>-</u>	<u>14,832</u>	<u>19</u>	<u>1,633</u>	<u>3,753</u>	<u>20,237</u>
Fund Balances - Ending	<u>\$ 4,489</u>	<u>\$ 33,593</u>	<u>\$ -</u>	<u>\$ 1,669</u>	<u>\$ 248</u>	<u>\$ 39,999</u>



## NON-MAJOR GOVERNMENTAL FUNDS

### CAPITAL PROJECT FUNDS

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

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

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

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

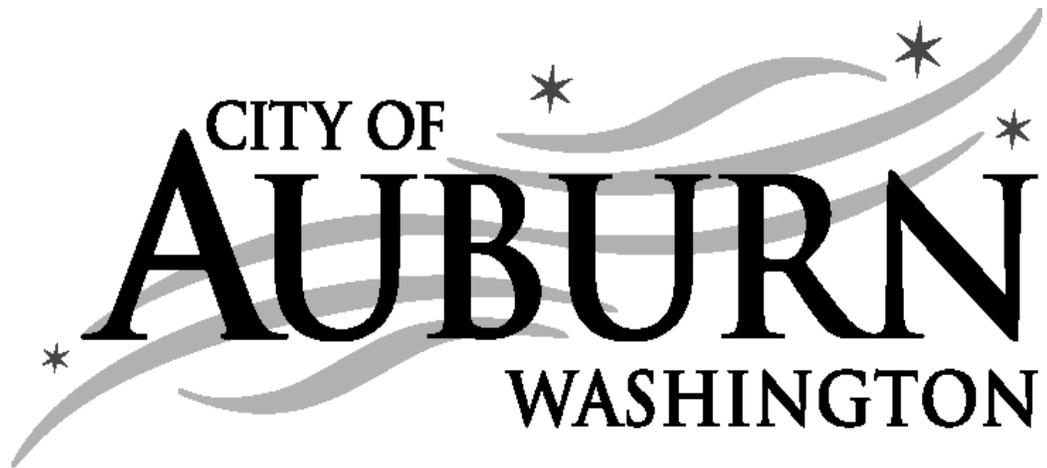
Accounts for the City Hall Plaza and the Downtown Promenade project.

City of Auburn, Washington  
**COMBINING BALANCE SHEET**  
**CAPITAL PROJECT FUNDS**  
December 31, 2019

	Municipal Park Construction	Local Revitalization	Nonmajor Capital Project Funds
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 488,188	\$ 380,696	\$ 868,884
Due From Other Governmental Units	261,906	-	261,906
Total Assets	<u>750,094</u>	<u>380,696</u>	<u>1,130,790</u>
<b>LIABILITIES AND FUND BALANCES:</b>			
Liabilities:			
Current Payables	84,678	957	85,635
Total Liabilities	<u>84,678</u>	<u>957</u>	<u>85,635</u>
Fund Balances:			
Restricted	665,416	-	665,416
Assigned	-	379,739	379,739
Total Fund Balances	<u>665,416</u>	<u>379,739</u>	<u>1,045,155</u>
Total Liabilities and Fund Balances	<u>\$ 750,094</u>	<u>\$ 380,696</u>	<u>\$ 1,130,790</u>

City of Auburn, Washington  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**CAPITAL PROJECT FUNDS**  
For the Year Ended December 31, 2019

	Municipal Park Construction	Local Revitalization	Nonmajor Capital Project Funds
<b>REVENUES:</b>			
Taxes:			
Property	\$ 150,803	\$ -	\$ 150,803
Intergovernmental	547,505	-	547,505
Charges for Services	6,367	-	6,367
Investment Earnings	10,515	8,489	19,004
Miscellaneous	66,911	-	66,911
Total Revenues	<u>782,101</u>	<u>8,489</u>	<u>790,590</u>
<b>EXPENDITURES:</b>			
Capital Outlay	<u>1,327,687</u>	<u>10,738</u>	<u>1,338,425</u>
Total Expenditures	<u>1,327,687</u>	<u>10,738</u>	<u>1,338,425</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(545,586)</u>	<u>(2,249)</u>	<u>(547,835)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Insurance Recoveries - Capital Assets	49,259	-	49,259
Transfers In (Note 5)	545,840	-	545,840
Total Other Financing Sources (Uses)	<u>595,099</u>	<u>-</u>	<u>595,099</u>
Net Change in Fund Balances	<u>49,513</u>	<u>(2,249)</u>	<u>47,264</u>
Fund Balances - Beginning	615,903	381,988	997,891
Fund Balances - Ending	<u>\$ 665,416</u>	<u>\$ 379,739</u>	<u>\$ 1,045,155</u>



## NON-MAJOR GOVERNMENTAL FUNDS

### PERMANENT FUNDS

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

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

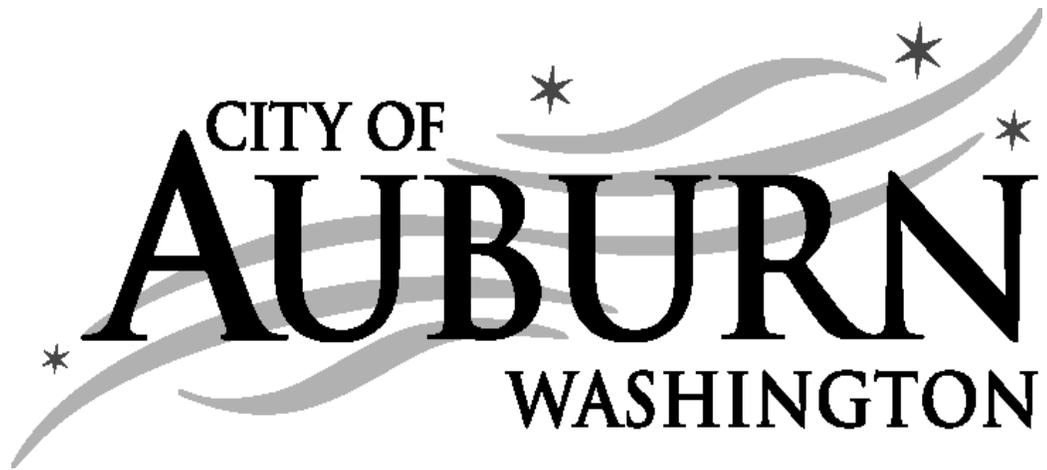
Accounts for non-expendable investments held by the City's trustee. The interest income from investments is available for use by the cemetery fund for capital enhancement and maintenance.

City of Auburn, Washington  
**BALANCE SHEET**  
**PERMANENT FUND**  
 December 31, 2019

	Cemetery Endowed Care
<hr/>	
<b>ASSETS:</b>	
Cash and Cash Equivalents	
Non-Expendable Trust	\$ 475,226
Investments	<u>1,513,820</u>
Total Assets	<u><u>1,989,046</u></u>
 <b>LIABILITIES AND FUND BALANCES:</b>	
 <b>FUND BALANCES:</b>	
Nonspendable	1,826,063
Assigned	<u>162,983</u>
Total Fund Balances	<u><u>1,989,046</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 1,989,046</u></u>

City of Auburn, Washington  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**PERMANENT FUND**  
 For the Year Ended December 31, 2019

		Cemetery Endowed Care
<hr/>		
<b>REVENUES:</b>		
Increase to Endowment from Lot Sales	\$	50,610
Investment Earnings		41,607
Total Revenues		<u>92,217</u>
 <b>EXPENDITURES:</b>		
Excess (Deficiency) of Revenues Over (Under) Expenditures		<u>92,217</u>
 Net Change in Fund Balance		<u>92,217</u>
Fund Balance - Beginning		<u>1,896,829</u>
Fund Balance - Ending	\$	<u><u>1,989,046</u></u>



## NON-MAJOR PROPRIETARY FUNDS

### ENTERPRISE FUNDS

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

#### **The Airport Fund**

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

#### **The Cemetery Fund**

Accounts for Mountain View Cemetery's operations.

City of Auburn, Washington  
**COMBINING STATEMENT OF NET POSITION**  
**NON-MAJOR ENTERPRISE FUNDS**  
December 31, 2019

	Airport	Cemetery	Total Nonmajor Enterprise Funds
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 1,041,451	\$ 1,122,876	\$ 2,164,327
Restricted Cash:			
Customer Deposits	116,620	-	116,620
Customer Accounts	12,509	-	12,509
Due From Other Governmental Units	46,809	-	46,809
Inventories	34,274	7,332	41,606
Total Current Assets	<u>1,251,663</u>	<u>1,130,208</u>	<u>2,381,871</u>
Noncurrent Assets:			
Capital Assets:			
Land	3,670,478	342,836	4,013,314
Buildings and Equipments	3,050,802	1,025,260	4,076,062
Improvements Other Than Buildings	9,986,836	1,175,259	11,162,095
Construction in Progress	687,785	9,808	697,593
Less: Accumulated Depreciation	<u>(8,454,913)</u>	<u>(1,623,148)</u>	<u>(10,078,061)</u>
Total Capital Assets (Net of A/D)	<u>8,940,988</u>	<u>930,015</u>	<u>9,871,003</u>
Total Noncurrent Assets	<u>8,940,988</u>	<u>930,015</u>	<u>9,871,003</u>
Total Assets	<u>10,192,651</u>	<u>2,060,223</u>	<u>12,252,874</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred Outflow Related to Pensions	<u>6,189</u>	<u>43,607</u>	<u>49,796</u>
	<u>6,189</u>	<u>43,607</u>	<u>49,796</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Current Payables	63,682	49,180	112,862
Interfund Payables	11,627	-	11,627
Employee Leave Benefits - Current	6,682	11,904	18,586
Customer Deposits	116,620	-	116,620
Total Current Liabilities	<u>198,611</u>	<u>61,084</u>	<u>259,695</u>
Noncurrent Liabilities:			
Employee Leave Benefits	1,776	3,164	4,940
Net Pension Liability	<u>(11,668)</u>	<u>14,378</u>	<u>2,710</u>
Total Noncurrent Liabilities	<u>(9,892)</u>	<u>17,542</u>	<u>7,650</u>
Total Liabilities	<u>188,719</u>	<u>78,626</u>	<u>267,345</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred Inflow Related to Pensions	<u>5,069</u>	<u>84,788</u>	<u>89,857</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	8,940,988	930,015	9,871,003
Unrestricted	<u>1,064,064</u>	<u>1,010,401</u>	<u>2,074,465</u>
Total Net Position	<u>\$ 10,005,052</u>	<u>\$ 1,940,416</u>	<u>\$ 11,945,468</u>

City of Auburn, Washington  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**NON-MAJOR ENTERPRISE FUNDS**  
For the Year Ended December 31, 2019

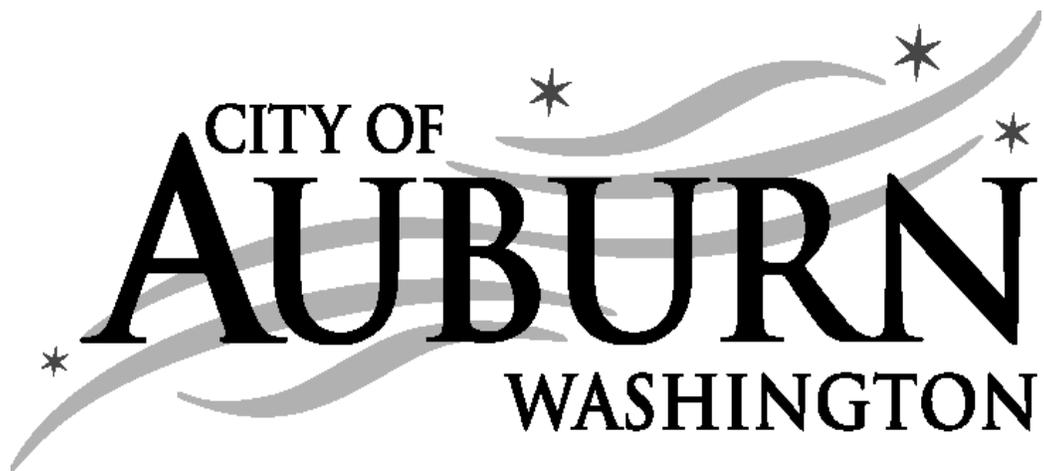
	Airport	Cemetery	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES:</b>			
Charges for Services	\$ 492,228	\$ 1,351,463	\$ 1,843,691
Other Operating Revenue	896,411	-	896,411
Total Operating Revenues	<u>1,388,639</u>	<u>1,351,463</u>	<u>2,740,102</u>
<b>OPERATING EXPENSES:</b>			
Operations & Maintenance	815,654	846,694	1,662,348
Administration	139,901	335,218	475,119
Depreciation/Amortization	424,882	33,009	457,891
Other Operating Expenses	2,342	15,707	18,049
Total Operating Expenses	<u>1,382,779</u>	<u>1,230,628</u>	<u>2,613,407</u>
Operating Income (Loss)	<u>5,860</u>	<u>120,835</u>	<u>126,695</u>
<b>NON-OPERATING REVENUE (EXPENSE):</b>			
Interest Revenue	25,355	24,328	49,683
Other Non-Operating Revenues	295,349	214	295,563
Other Non-Operating Expenses	<u>(14,796)</u>	<u>-</u>	<u>(14,796)</u>
Total Non-Operating Revenue (Expense)	<u>305,908</u>	<u>24,542</u>	<u>330,450</u>
Income (Loss) Before Contributions & Transfers	<u>311,768</u>	<u>145,377</u>	<u>457,145</u>
Transfers In (Note 5)	350,000	-	350,000
Transfers Out (Note 5)	<u>(423,270)</u>	<u>-</u>	<u>(423,270)</u>
Change in Net Position	<u>238,498</u>	<u>145,377</u>	<u>383,875</u>
Net Position, January 1	<u>9,766,554</u>	<u>1,795,039</u>	<u>11,561,593</u>
Net Position, December 31	<u>\$ 10,005,052</u>	<u>\$ 1,940,416</u>	<u>\$ 11,945,468</u>

City of Auburn, Washington  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR ENTERPRISE FUNDS**  
 For the Fiscal Year Ended December 31, 2019

	Airport	Cemetery	Total Non Major Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash Received From Users	\$ 1,392,844	\$ 1,351,463	\$ 2,744,307
Cash Paid to Suppliers for Goods & Services	(668,047)	(466,669)	(1,134,716)
Cash Paid for Taxes	(2,356)	(15,707)	(18,063)
Cash Paid to Employees	(330,614)	(761,160)	(1,091,774)
Other Non-Operating Revenue	39,038	214	39,252
Net Cash Provided (Used) By Operating Activities	<u>430,865</u>	<u>108,141</u>	<u>539,006</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Interfund Loan Payable	(41,583)	-	(41,583)
Operating Grant Received	256,311	-	256,311
Transfers from Other Funds	350,000	-	350,000
Operating Transfers Out	(423,270)	-	(423,270)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>141,458</u>	<u>-</u>	<u>141,458</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Purchase of Capital Assets	(350,156)	-	(350,156)
Capital Grant	4,953	-	4,953
Premium & Bond Issuance Costs	10,918	-	10,918
Principal Payment on Debt	(186,420)	-	(186,420)
Interest Payment on Debt	(14,796)	-	(14,796)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(535,501)</u>	<u>-</u>	<u>(535,501)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Interest Received	<u>25,355</u>	<u>24,328</u>	<u>49,683</u>
Net Cash Provided (Used) in Investing Activities	<u>25,355</u>	<u>24,328</u>	<u>49,683</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>62,177</u>	<u>132,469</u>	<u>194,646</u>
Cash and Cash Equivalents - Beginning of Year	<u>1,095,894</u>	<u>990,407</u>	<u>2,086,301</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u><b>\$ 1,158,071</b></u>	<u><b>\$ 1,122,876</b></u>	<u><b>\$ 2,280,947</b></u>
<b>CASH AT END OF YEAR CONSISTS OF:</b>			
Cash and Cash Equivalents	1,041,451	1,122,876	2,164,327
Restricted Cash - Customer Deposits	<u>116,620</u>	<u>-</u>	<u>116,620</u>
Total Cash	<u><b>\$ 1,158,071</b></u>	<u><b>\$ 1,122,876</b></u>	<u><b>\$ 2,280,947</b></u>

City of Auburn, Washington  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR ENTERPRISE FUNDS**  
 For the Fiscal Year Ended December 31, 2019

	Airport	Cemetery	Total Non Major Enterprise Funds
<b>RECONCILIATION OF NET OPERATING INCOME TO NEW CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ 5,860	\$ 120,835	\$ 126,695
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Depreciation	424,882	33,009	457,891
Other Non-Operating Revenue	39,038	214	39,252
Asset (Increases) Decreases:			
Accounts Receivable	(12,079)	-	(12,079)
Inventory	(34,274)	372	(33,902)
Liability Increases (Decreases):			
Accounts & Vouchers Payable	1,253	8,152	9,405
Deposits Payable	16,284	-	16,284
Wages & Benefits Payable	(18,557)	(47,700)	(66,257)
Compensated Absences Payable	8,458	(6,741)	1,717
Total Adjustments	425,005	(12,694)	412,311
Net Cash Provided (Used) by Operating Activities	\$ 430,865	\$ 108,141	\$ 539,006
<b>SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
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 five internal service funds.

#### **The Insurance Fund**

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

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

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

#### **The Facilities Funds**

Accounts for the costs of maintaining various City facilities.

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

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

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

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

City of Auburn, Washington  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
December 31, 2019

	Insurance	Workers Comp Self Insurance	Facilities	Information Services	Equipment Rental	Total
<b>ASSETS:</b>						
Current Assets:						
Cash and Cash Equivalents	\$ 1,932,526	\$ 2,811,792	\$ 1,556,697	\$ 4,408,675	\$ 7,523,482	\$ 18,233,172
Customer Accounts	-	-	73,304	-	-	73,304
Due From Other Governmental Units	-	-	20,417	2,289	-	22,706
Inventories	-	-	-	-	298,604	298,604
Total Current Assets	<u>1,932,526</u>	<u>2,811,792</u>	<u>1,650,418</u>	<u>4,410,964</u>	<u>7,822,086</u>	<u>18,627,786</u>
Noncurrent Assets:						
Capital Assets:						
Buildings and Equipment	-	-	-	8,579,217	18,216,523	26,795,740
Improvements Other than Buildings	-	-	-	263,039	188,225	451,264
Construction in Progress	-	-	-	-	34,727	34,727
Less: Accumulated Depreciation	-	-	-	(7,652,026)	(11,075,784)	(18,727,810)
Total Capital Assets (Net of A/D)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,190,230</u>	<u>7,363,691</u>	<u>8,553,921</u>
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,190,230</u>	<u>7,363,691</u>	<u>8,553,921</u>
Total Assets	<u>1,932,526</u>	<u>2,811,792</u>	<u>1,650,418</u>	<u>5,601,194</u>	<u>15,185,777</u>	<u>27,181,707</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>						
Deferred Outflow Related to Pensions	<u>-</u>	<u>7,349</u>	<u>70,508</u>	<u>156,923</u>	<u>62,466</u>	<u>297,246</u>
<b>LIABILITIES:</b>						
Current Liabilities:						
Current Payables	10,572	2,165	334,922	442,452	420,402	1,210,513
Claims Payable (Incurred but not reported)	-	932,000	-	-	-	932,000
Employee Leave Benefits - Current	-	-	69,191	127,326	27,309	223,826
Other Liabilities Payable	-	-	-	-	25,610	25,610
Total Current Liabilities	<u>10,572</u>	<u>934,165</u>	<u>404,113</u>	<u>569,778</u>	<u>473,321</u>	<u>2,391,949</u>
Noncurrent Liabilities						
Employee Leave Benefits	-	-	18,389	33,840	7,258	59,487
Net Pension Liability	-	1,087	10,063	(108,846)	991,934	894,238
Total Noncurrent Liabilities	<u>-</u>	<u>1,087</u>	<u>28,452</u>	<u>(75,006)</u>	<u>999,192</u>	<u>953,725</u>
Total Liabilities	<u>10,572</u>	<u>935,252</u>	<u>432,565</u>	<u>494,772</u>	<u>1,472,513</u>	<u>3,345,674</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Deferred Inflow Related to Pensions	<u>-</u>	<u>14,428</u>	<u>120,413</u>	<u>342,424</u>	<u>170,906</u>	<u>648,171</u>
<b>NET POSITION:</b>						
Net Investment in Capital Assets	-	-	-	1,190,230	7,338,081	8,528,311
Unrestricted	1,921,954	1,869,461	1,167,948	3,730,691	6,266,743	14,956,797
Total Net Position	<u>\$ 1,921,954</u>	<u>\$ 1,869,461</u>	<u>\$ 1,167,948</u>	<u>\$ 4,920,921</u>	<u>\$ 13,604,824</u>	<u>\$ 23,485,108</u>

City of Auburn, Washington  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
For the Year Ended December 31, 2019

	Insurance	Workers Comp Self Insurance	Facilities	Information Services	Equipment Rental	Total
<b>OPERATING REVENUES:</b>						
Charges for Services	\$ -	\$ 1,082,117	\$ 3,215,657	\$ 5,935,453	\$ 3,800,182	\$ 14,033,409
Other Operating Revenue	-	-	151,912	98,885	-	250,797
Total Operating Revenues	<u>-</u>	<u>1,082,117</u>	<u>3,367,569</u>	<u>6,034,338</u>	<u>3,800,182</u>	<u>14,284,206</u>
<b>OPERATING EXPENSES:</b>						
Operations & Maintenance	-	297,142	3,035,336	6,055,321	1,737,776	11,125,575
Administration	39,950	115,797	-	-	866,091	1,021,838
Depreciation/Amortization	-	-	-	294,063	1,262,131	1,556,194
Total Operating Expenses	<u>39,950</u>	<u>412,939</u>	<u>3,035,336</u>	<u>6,349,384</u>	<u>3,865,998</u>	<u>13,703,607</u>
Operating Income (Loss)	<u>(39,950)</u>	<u>669,178</u>	<u>332,233</u>	<u>(315,046)</u>	<u>(65,816)</u>	<u>580,599</u>
<b>NON-OPERATING REVENUE (EXPENSE):</b>						
Interest Revenue	29,378	54,612	42,736	96,077	165,167	387,970
Other Non-Operating Revenues	-	1,353	-	1,837	161,642	164,832
Gain (Loss) on Sale of Capital Assets	-	-	-	-	30,738	30,738
Interest Expense	-	-	-	-	(1,468)	(1,468)
Total Non-Operating Revenue (Expense)	<u>29,378</u>	<u>55,965</u>	<u>42,736</u>	<u>97,914</u>	<u>356,079</u>	<u>582,072</u>
Income (Loss) Before Contributions	<u>(10,572)</u>	<u>725,143</u>	<u>374,969</u>	<u>(217,132)</u>	<u>290,263</u>	<u>1,162,671</u>
Transfers In (Note 5)	-	-	40,000	124,233	161,434	325,667
Transfers Out (Note 5)	-	-	(732,926)	(29,950)	-	(762,876)
Change in Net Position	<u>(10,572)</u>	<u>725,143</u>	<u>(317,957)</u>	<u>(122,849)</u>	<u>451,697</u>	<u>725,462</u>
Net Position, January 1	<u>1,932,526</u>	<u>1,144,318</u>	<u>1,485,905</u>	<u>5,043,770</u>	<u>13,153,127</u>	<u>22,759,646</u>
Total Net Position - Ending	<u>\$ 1,921,954</u>	<u>\$ 1,869,461</u>	<u>\$ 1,167,948</u>	<u>\$ 4,920,921</u>	<u>\$ 13,604,824</u>	<u>\$ 23,485,108</u>

City of Auburn, Washington  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
For the Fiscal Year Ended December 31, 2019

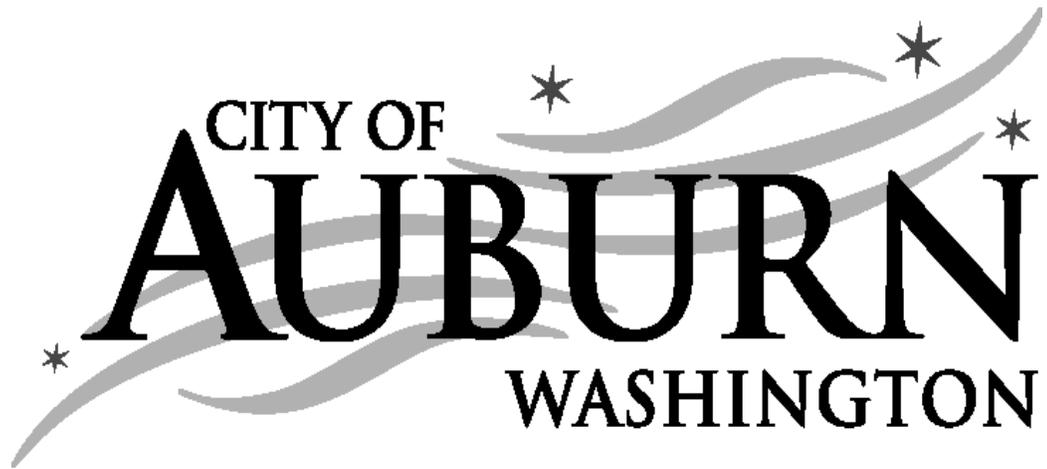
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	Insurance	Workers Comp Self Insurance	Facilities	Information Services	Equipment Rental	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Cash Received From Users	\$ -	\$ 1,082,117	\$ 3,434,571	\$ 6,034,338	\$ 3,800,182	\$ 14,351,208
Cash Paid to Suppliers for Goods & Services	(29,619)	(386,687)	(2,049,922)	(3,145,832)	(1,880,421)	(7,492,481)
Cash Paid to Employees	-	(119,740)	(1,073,899)	(2,989,733)	(998,284)	(5,181,656)
Other Cash Received	-	-	-	8,028	192,380	200,408
Net Cash Provided (Used) By Operating Activities	(29,619)	575,690	310,750	(93,199)	1,113,857	1,877,479
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Operating Grant Received	-	-	-	-	20,000	20,000
Transfers In	-	-	40,000	124,233	161,434	325,667
Transfers Out	-	-	(732,926)	(29,950)	-	(762,876)
Net Cash Provided (Used) by Non-Capital Financing Activities	-	-	(692,926)	94,283	181,434	(417,209)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Proceeds from Sale of Equipment	-	-	-	-	64,661	64,661
Purchase of Capital Assets	-	-	-	(146,506)	(1,438,544)	(1,585,050)
Proceeds from Insurance Settlement	-	1,353	-	-	-	1,353
Interest Payment on Debt	-	-	-	-	(1,468)	(1,468)
Net Cash Provided (Used) for Capital and Related Financing Activities	-	1,353	-	(146,506)	(1,375,351)	(1,520,504)
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>						
Interest Received	29,378	54,612	42,736	96,077	165,167	387,970
Net Cash Provided (Used) in Investing Activities	29,378	54,612	42,736	96,077	165,167	387,970
Net Increase (Decrease) in Cash and Cash Equivalents	(241)	631,655	(339,440)	(49,345)	85,107	327,736
Cash and Cash Equivalents - Beginning of Year	1,932,767	2,180,137	1,896,137	4,458,020	7,438,375	17,905,436
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 1,932,526</b>	<b>\$ 2,811,792</b>	<b>\$ 1,556,697</b>	<b>\$ 4,408,675</b>	<b>\$ 7,523,482</b>	<b>\$ 18,233,172</b>
<b>CASH AT END OF YEAR CONSISTS OF:</b>						
Cash and Cash Equivalents	1,932,526	2,811,792	1,556,697	4,408,675	7,523,482	18,233,172
Total Cash	\$ 1,932,526	\$ 2,811,792	\$ 1,556,697	\$ 4,408,675	\$ 7,523,482	\$ 18,233,172

City of Auburn, Washington  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
For the Fiscal Year Ended December 31, 2019

Page 2 of 2

	Insurance	Workers Comp Self Insurance	Facilities	Information Services	Equipment Rental	Total
<b>RECONCILIATION OF NET OPERATING INCOME TO NEW CASH PROVIDED BY OPERATING ACTIVITIES</b>						
Operating Income (Loss)	\$ (39,950)	\$ 669,178	\$ 332,233	\$ (315,046)	\$ (65,816)	\$ 580,599
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>						
Depreciation	-	-	-	294,063	1,262,131	1,556,194
Other Non-Operating Revenues	-	-	-	-	192,380	192,380
Asset (Increases) Decreases:						
Accounts Receivable	-	-	67,002	8,028	-	75,030
Inventory	-	-	-	-	(61,398)	(61,398)
Liability Increases (Decreases):						
Accounts & Vouchers Payable	10,331	(76,920)	40,427	102,166	(146,350)	(70,346)
Wages & Benefits Payable	-	(10,848)	(67,640)	(199,876)	(59,326)	(337,690)
Compensated Absences Payable	-	(5,720)	(61,272)	17,466	(7,764)	(57,290)
Total Adjustments	10,331	(93,488)	(21,483)	221,847	1,179,673	1,296,880
Net Cash Provided (Used) by Operating Activities	<u>\$ (29,619)</u>	<u>\$ 575,690</u>	<u>\$ 310,750</u>	<u>\$ (93,199)</u>	<u>\$ 1,113,857</u>	<u>\$ 1,877,479</u>
<b>SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>						
Total Non Cash Investing, Capital and Financing Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



## **FIDUCIARY FUNDS**

Fiduciary funds account for monies over which the city is strictly a short-term custodian. Fiduciary 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**  
**FIDUCIARY FUND**

For the Fiscal Year Ended December 31, 2019

	Balance 1/1/2019	Additions	Deductions	Balance 12/31/2019
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 543,157	\$ 10,575,074	\$ 9,789,185	\$ 1,329,046
Other Current Assets	6,181	637,234	629,250	14,165
Total Assets	<u>\$ 549,338</u>	<u>\$ 11,212,308</u>	<u>\$ 10,418,435</u>	<u>\$ 1,343,211</u>
<b>LIABILITIES:</b>				
Current Payables	500,328	16,073,661	15,677,450	896,539
Due to Other Government Units	49,010	2,361,736	1,964,074	446,672
Total Liabilities	<u>\$ 549,338</u>	<u>\$ 18,435,397</u>	<u>\$ 17,641,524</u>	<u>\$ 1,343,211</u>

City of Auburn  
**STATISTICAL SECTION**  
 December 31, 2019

**Financial Trends Information**

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

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**Revenue Capacity Information**

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

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Schedule 9	Principal taxpayers-property taxes-sales taxes.....	165
Schedule 10	Retail tax collections by sector .....	166

**Debt Capacity Information**

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

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Schedule 14	Computation of net direct and estimated overlapping debt.....	169
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**Demographic and Economic Information**

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

Schedule 17	Population, income and housing trends .....	172
Schedule 18	Major employers .....	173

**Operating Information**

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental activities:</b>										
Net Investment in Capital Assets	\$ 320,506,701	\$ 340,941,112	\$ 354,899,294	\$ 346,195,793	\$ 348,080,505	\$ 361,094,242	\$ 367,128,894	\$ 373,368,906	\$ 375,208,981	\$ 372,887,236
Restricted	15,180,467	14,230,963	13,164,116	15,019,909	16,404,328	19,470,880	26,745,270	29,854,240	30,001,950	33,911,413
Unrestricted	46,734,364	45,250,090	43,245,050	47,426,352	51,898,566	40,928,090	42,900,814	42,803,759	42,377,297	59,840,168
Total governmental activities net position	<u>382,421,532</u>	<u>400,422,165</u>	<u>411,308,460</u>	<u>408,642,054</u>	<u>416,383,399</u>	<u>421,493,212</u>	<u>436,774,978</u>	<u>446,026,906</u>	<u>447,588,227</u>	<u>466,638,817</u>
<b>Business-type activities:</b>										
Net Investment in Capital Assets	152,343,987	166,289,542	173,709,864	165,619,867	169,098,916	187,604,782	195,490,061	205,677,614	208,136,620	212,172,136
Restricted	4,107,128	4,153,982	4,719,058	16,839,589	14,115,610	4,764,340	3,110,414	1,856,970	1,924,566	2,001,709
Unrestricted	28,642,334	30,523,974	30,439,381	32,880,216	37,724,080	32,974,662	40,797,698	41,627,494	49,088,740	56,928,121
Total business-type activities net position	<u>185,093,449</u>	<u>200,967,498</u>	<u>208,868,303</u>	<u>215,339,672</u>	<u>220,938,606</u>	<u>225,343,784</u>	<u>239,398,173</u>	<u>249,162,078</u>	<u>259,149,926</u>	<u>271,101,966</u>
<b>Primary government:</b>										
Net Investment in Capital Assets	472,850,688	507,230,654	528,609,158	511,815,660	517,179,421	548,699,024	562,618,955	579,046,520	583,345,601	585,059,372
Restricted	19,287,595	18,384,945	17,883,174	31,859,498	30,519,938	24,235,220	29,855,684	31,711,210	31,926,516	35,913,122
Unrestricted	75,376,698	75,774,064	73,684,431	80,306,568	89,622,646	73,902,752	83,698,512	84,431,253	91,466,037	116,768,289
Total primary government net position	<u>\$ 567,514,981</u>	<u>\$ 601,389,663</u>	<u>\$ 620,176,763</u>	<u>\$ 623,981,726</u>	<u>\$ 637,322,005</u>	<u>\$ 646,836,996</u>	<u>\$ 676,173,151</u>	<u>\$ 695,188,984</u>	<u>\$ 706,738,153</u>	<u>\$ 737,740,783</u>

Source: City of Auburn, Finance Department

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
Governmental activities:										
General government	\$ 7,934,948	\$ 8,581,829	\$ 9,441,887	\$ 7,508,112	\$ 8,363,427	\$ 9,187,539	\$ 9,557,602	\$ 10,384,647	\$ 10,191,329	\$ 13,292,724
Public safety	25,890,627	27,320,805	27,339,301	27,423,015	27,144,153	29,883,217	32,117,837	32,746,406	30,337,791	24,016,496
Transportation	11,989,752	12,123,615	15,736,610	14,861,834	16,150,877	17,324,036	16,602,993	17,904,352	17,620,176	17,709,231
Physical environment	2,498,539	2,327,911	2,535,877	2,699,301	2,976,461	2,924,046	3,266,375	3,217,885	3,794,576	3,981,499
Culture and recreation	7,307,270	7,606,584	8,310,210	9,184,289	11,094,524	12,096,651	12,811,186	13,539,098	13,665,612	13,400,311
Economic environment	2,499,631	3,135,984	2,914,335	2,346,025	2,751,869	3,044,354	3,224,984	3,859,863	4,140,104	4,457,626
Health and human services	578,247	619,172	633,175	510,285	622,374	925,299	573,115	674,270	787,535	619,247
Interest on long-term debt	1,809,322	1,685,055	2,336,960	3,795,024	3,615,211	1,986,853	1,709,647	1,555,803	1,502,236	1,466,217
Total governmental activities expenses	60,508,335	63,400,955	69,248,355	68,327,885	72,718,896	77,371,995	79,863,739	83,882,324	82,039,359	78,943,351
Business-type activities:										
Water	10,042,879	8,961,736	9,655,724	11,893,094	11,992,944	13,691,529	13,107,629	12,408,008	12,499,974	13,023,888
Sewer	17,794,958	18,852,402	19,880,724	21,584,215	23,026,216	23,992,161	25,685,370	25,360,718	26,213,221	26,907,482
Storm drainage	6,994,381	6,752,021	8,025,729	7,726,467	7,668,072	8,308,559	8,814,542	8,979,969	9,374,373	9,126,096
Solid waste	9,894,429	9,957,943	11,305,322	12,535,078	12,760,313	12,907,832	13,460,155	14,539,703	15,311,654	15,682,121
Golf course	1,844,108	1,903,836	1,912,174	1,933,597	-	-	-	-	-	-
Non-major business-type activities	1,781,204	2,010,776	1,954,104	1,857,252	1,924,874	2,062,695	2,150,693	2,106,557	2,186,842	2,628,203
Total business-type activities expenses	48,351,960	48,438,714	52,533,777	57,529,703	57,372,419	60,962,776	63,218,389	63,394,955	65,586,064	67,367,790
Total primary government expenses	\$108,860,294	\$111,839,669	\$121,782,132	\$125,857,588	\$130,091,315	\$138,334,771	\$143,082,128	\$147,277,279	\$147,625,423	\$146,311,141
<b>Program revenues</b>										
Governmental activities:										
Charges for services										
General Government	\$ 1,168,574	\$ 1,010,911	\$ 897,521	\$ 893,326	\$ 1,160,198	\$ 1,243,263	\$ 939,184	\$ 1,241,905	\$ 1,462,867	\$ 3,758,197
Public Safety	2,938,942	3,867,013	1,016,191	2,103,823	2,273,903	1,993,117	1,468,536	2,523,667	2,821,516	3,240,007
Transportation	960,532	1,042,147	1,819,851	1,967,778	1,660,270	1,446,026	3,265,147	2,118,980	886,760	3,207,197
Physical Environment	86,306	103,590	36,766	398,564	276,632	384,485	260,555	431,580	611,342	503,798
Culture and Recreation	962,558	1,182,688	880,380	873,970	2,876,185	3,052,599	2,508,166	3,073,262	3,355,206	3,183,370
Economic Environment	1,732,397	2,294,916	3,266,188	3,586,844	3,087,853	2,989,579	3,896,453	2,400,940	1,913,090	2,729,376
Health and human services	449	7,528	-	-	-	-	-	-	-	-
Total charges for services	7,849,758	9,508,793	7,916,897	9,824,305	11,335,041	11,109,069	12,338,041	11,790,334	11,050,781	16,621,946
Operating grants and contributions	3,022,835	1,724,711	3,560,707	1,967,252	1,333,652	4,234,309	2,767,931	2,257,646	2,831,794	3,394,916
Capital grants and contributions	10,702,132	19,730,140	17,835,784	5,955,062	6,001,230	19,526,548	13,275,208	13,229,502	9,065,857	6,461,827
Total governmental activities program revenues	21,574,725	30,963,644	29,313,388	17,746,619	18,669,923	34,869,926	28,381,180	27,277,482	22,948,432	26,478,689
Business-type activities:										
Charges for services	43,461,742	45,045,488	50,710,688	57,533,735	60,332,817	63,391,139	65,733,943	68,220,200	69,723,671	70,315,493
Operating grants and contributions	70,841	116,735	97,052	90,361	111,025	106,286	106,286	106,286	106,286	106,286
Capital grants and contributions	7,391,111	15,981,735	7,248,835	5,483,344	5,070,810	5,821,857	10,574,852	4,363,568	4,566,838	6,686,288
Total business-type activities program revenue	50,923,694	61,143,958	58,056,575	63,107,440	65,514,652	69,319,282	76,415,081	72,690,054	74,396,795	77,108,067
Total primary government program revenues	72,498,419	92,107,602	87,369,963	80,854,059	84,184,575	104,189,208	104,796,261	99,967,536	97,345,227	103,586,756
Net (expense)/revenue										
Governmental activities	(38,933,610)	(32,437,311)	(39,934,967)	(50,581,266)	(54,048,973)	(42,502,069)	(51,482,559)	(56,604,841)	(59,090,927)	(52,464,662)
Business-type activities	2,571,734	12,705,244	5,522,798	5,577,737	8,142,233	8,356,506	13,196,692	9,295,099	8,810,731	9,740,277
Total primary government net expense	\$ (36,361,876)	\$ (19,732,067)	\$ (34,412,169)	\$ (45,003,529)	\$ (45,906,740)	\$ (34,145,563)	\$ (38,285,867)	\$ (47,309,742)	\$ (50,280,196)	\$ (42,724,385)
<b>General revenues and other changes in net position</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 14,766,470	\$ 15,204,611	\$ 14,970,136	\$ 14,490,790	\$ 15,867,838	\$ 17,271,705	\$ 18,102,286	\$ 20,967,953	\$ 21,546,734	\$ 22,075,276
Retail sales and use tax	15,657,081	16,213,244	16,679,278	18,335,157	19,744,684	21,125,730	21,475,335	22,333,454	21,996,115	22,212,601
Interfund utility taxes	2,788,083	2,948,297	3,281,816	3,892,250	4,068,667	4,260,831	4,624,951	4,540,265	4,552,505	4,760,229
Utility taxes	8,886,964	9,049,689	8,856,498	9,156,636	9,040,015	8,838,179	8,917,401	10,391,462	9,841,620	9,278,114
Excise taxes	1,389,030	1,859,738	2,141,620	2,555,850	2,888,797	4,999,517	5,057,013	4,141,146	4,393,134	5,650,339
Other taxes	4,622,138	4,644,909	4,679,333	4,429,090	4,601,925	4,722,482	5,160,215	5,253,964	5,213,217	4,751,162
Investment earnings	379,316	224,593	178,618	121,687	105,117	118,399	332,520	787,786	1,657,481	2,134,741
Miscellaneous	214,190	775,969	547,391	(4,625,627)	178,482	194,600	157,874	204,306	428,580	258,502
Transfers	1,463,444	(483,107)	(513,428)	(218,230)	5,294,793	(462,955)	424,173	454,436	414,975	394,287
Total governmental activities	50,166,715	50,437,943	50,821,262	48,137,603	61,790,318	61,068,488	64,251,768	69,074,772	70,044,361	71,515,252
Business-type activities:										
Investment earnings	158,211	101,694	82,903	68,400	51,261	70,560	196,595	479,132	989,564	1,387,405
Miscellaneous	1,588,068	2,584,004	1,781,676	763,717	2,700,233	1,881,835	1,085,275	444,110	602,528	1,218,645
Transfers	(1,463,444)	483,107	513,428	218,230	(5,294,793)	462,955	(424,173)	(454,436)	(414,975)	(394,287)
Total business-type activities:	282,835	3,168,805	2,378,007	1,050,347	(2,543,299)	2,415,350	857,697	468,806	1,177,117	2,211,763
Total primary government	\$ 50,449,550	\$ 53,606,748	\$ 53,199,269	\$ 49,187,950	\$ 59,247,019	\$ 63,483,838	\$ 65,109,465	\$ 69,543,578	\$ 71,221,478	\$ 73,727,015
<b>Change in net position Before Change in Accounting Principle</b>										
Governmental activities	11,233,105	18,000,632	10,886,295	(2,443,663)	7,741,345	18,566,419	12,769,209	12,469,931	10,953,434	19,050,590
Business-type activities	2,854,569	15,874,049	7,900,805	6,628,084	5,598,934	10,771,856	14,054,389	9,763,905	9,987,848	11,952,040
Total primary government	\$ 14,087,674	\$ 33,874,681	\$ 18,787,100	\$ 4,184,421	\$ 13,340,279	\$ 29,338,275	\$ 26,823,598	\$ 22,233,836	\$ 20,941,282	\$ 31,002,630
<b>Change in Accounting Principle</b>										
Governmental activities	-	-	-	(222,743)	-	(13,456,606)	2,512,557	(3,218,004)	(9,389,375)	-
Business-type activities	-	-	-	(156,715)	-	(6,366,678)	-	-	-	-
Total primary government	\$ -	\$ -	\$ -	\$ (379,458)	\$ -	\$ (19,823,284)	\$ 2,512,557	\$ (3,218,004)	\$ (9,389,375)	\$ -
<b>Change in net position After Change in Accounting Principle</b>										
Governmental activities	11,233,105	18,000,632	10,886,295	(2,666,406)	7,741,345	5,109,813	15,281,766	9,251,927	1,564,059	19,050,590
Business-type activities	2,854,569	15,874,049	7,900,805	6,471,369	5,598,934	4,405,178	14,054,389	9,763,905	9,987,848	11,952,040
Total primary government	\$ 14,087,674	\$ 33,874,681	\$ 18,787,100	\$ 3,804,963	\$ 13,340,279	\$ 9,514,991	\$ 29,336,155	\$ 19,015,832	\$ 11,551,907	\$ 31,002,630

Source: City of Auburn, Finance Department

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

	2010	2011 (1)	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Fund</b>										
Unreserved	\$ 15,382,354	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	370,400	127	127	127	-	30,453	38,179	36,097
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	7,082,130	5,935,567	5,892,611	4,045,598	7,284,159	7,160,098	9,315,528	9,375,470	17,118,273
Unassigned	-	14,193,365	17,395,933	17,751,778	20,914,093	20,267,776	24,991,081	25,414,801	24,627,984	19,068,746
<b>Total General Fund</b>	<b>15,382,354</b>	<b>21,275,495</b>	<b>23,701,900</b>	<b>23,644,516</b>	<b>24,959,818</b>	<b>27,552,062</b>	<b>32,151,179</b>	<b>34,760,782</b>	<b>34,041,633</b>	<b>36,223,116</b>
<b>All other governmental funds</b>										
Reserved	1,592,378	-	-	-	-	-	-	-	-	-
Unreserved, Reported In:										
Special Revenue Funds	15,486,918	-	-	-	-	-	-	-	-	-
Capital Projects Funds	12,589,604	-	-	-	-	-	-	-	-	-
Permanent Funds	132,717	-	-	-	-	-	-	-	-	-
<b>Total Unreserved</b>	<b>28,209,239</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Nonspendable		1,453,540	1,475,580	1,536,316	1,574,148	1,585,707	1,666,043	1,717,134	1,775,453	1,826,063
Restricted		12,781,743	11,688,536	13,483,593	14,830,180	17,885,173	25,079,227	28,137,106	28,226,498	32,085,350
Committed		3,134,449	3,258,257	3,242,662	5,066,181	3,658,719	5,421,640	3,223,108	3,079,656	3,172,152
Assigned		3,120,372	2,388,684	4,976,833	4,725,119	4,755,182	1,226,315	1,221,511	2,827,045	2,239,557
Unassigned		-	-	-	-	-	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ 29,801,617</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 23,239,404</b>	<b>\$ 26,195,628</b>	<b>\$ 27,884,781</b>	<b>\$ 33,393,225</b>	<b>\$ 34,298,859</b>	<b>\$ 35,908,652</b>	<b>\$ 39,323,122</b>

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

Source: City of Auburn, Finance Department

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Taxes	\$ 43,069,695	\$ 44,812,975	\$ 46,003,582	\$ 48,545,041	\$ 51,718,489	\$ 56,632,337	\$ 58,279,984	\$ 62,425,246	\$ 62,430,346	\$ 64,032,701
Licenses and permits	1,311,916	1,769,516	2,344,643	3,041,948	2,400,662	2,074,432	3,005,125	1,906,796	1,853,554	2,825,404
Intergovernmental	9,656,529	16,174,149	20,045,299	11,854,984	9,379,699	13,620,446	12,714,010	16,187,560	12,234,229	11,137,941
Charges for services	3,073,168	2,938,815	4,006,762	3,891,776	5,717,712	7,321,295	11,563,678	7,117,774	6,471,503	10,467,203
Fines and forfeits	2,472,411	1,940,326	1,592,957	1,441,603	1,258,408	938,775	905,921	882,254	920,187	914,240
Special assessments	43,502	32,972	39,115	40,772	472,800	7,494	4,111	3,835	2,210	2,807
Investment earnings	386,890	237,056	200,826	144,151	135,709	117,942	279,058	672,713	1,308,888	1,767,742
Miscellaneous	3,023,589	2,322,580	871,191	621,673	1,691,274	1,890,419	1,854,450	1,966,333	1,600,279	2,406,291
<b>Total revenues</b>	<b>63,037,699</b>	<b>70,228,389</b>	<b>75,104,375</b>	<b>69,581,948</b>	<b>72,774,753</b>	<b>82,603,140</b>	<b>88,606,337</b>	<b>91,162,511</b>	<b>86,821,196</b>	<b>93,554,329</b>
<b>Expenditures</b>										
General government	7,770,957	8,310,037	8,761,452	7,300,667	7,712,018	8,661,592	8,936,366	9,755,757	9,804,631	12,688,544
Public safety	24,597,986	27,399,406	24,039,435	27,146,590	27,264,294	29,164,772	30,809,069	32,084,376	34,226,582	36,322,025
Transportation	10,054,434	16,059,156	20,766,134	15,119,530	8,979,583	16,323,425	12,607,616	20,652,538	15,512,706	11,641,856
Physical environment	2,480,641	2,290,328	2,526,526	2,855,908	3,086,738	2,991,145	3,309,993	3,359,548	4,128,266	4,372,251
Economic environment	2,597,849	3,138,590	2,876,558	2,692,389	2,783,898	3,066,674	3,324,309	3,880,025	4,314,648	4,699,552
Health and human services	568,911	616,717	616,583	631,997	626,681	925,299	573,115	674,270	787,535	619,247
Culture and recreation	6,663,881	6,918,623	7,228,345	7,925,325	9,759,110	10,700,680	11,480,488	11,943,070	12,450,884	12,437,720
Capital outlay <sup>(1)</sup>	8,486,382	8,597,944	4,007,018	2,746,599	3,394,886	3,580,304	6,784,343	2,096,281	2,145,994	3,270,129
Debt service:										
Principal	26,683,671	1,208,512	1,219,137	2,238,181	2,704,468	1,713,940	1,737,569	1,635,126	1,676,777	1,437,533
Interest / other	1,775,746	1,761,334	2,245,858	2,709,768	2,892,281	1,801,109	1,632,786	1,590,525	1,537,504	1,478,169
<b>Total expenditures</b>	<b>91,680,457</b>	<b>76,300,647</b>	<b>74,287,046</b>	<b>71,366,954</b>	<b>69,203,957</b>	<b>78,928,940</b>	<b>81,195,654</b>	<b>87,671,516</b>	<b>86,585,527</b>	<b>88,967,026</b>
Excess of revenues over (under) expenditures	(28,642,758)	(6,072,258)	817,329	(1,785,006)	3,570,796	3,674,200	7,410,683	3,490,995	235,669	4,587,303
<b>Other financing sources (uses)</b>										
Transfers in	9,442,727	7,410,926	6,643,116	4,776,100	5,309,769	7,100,830	11,121,265	7,050,817	8,205,317	6,477,764
Transfers out	(7,745,568)	(6,242,333)	(7,005,097)	(4,450,925)	(5,003,448)	(6,668,626)	(11,182,611)	(7,163,278)	(7,838,860)	(5,646,268)
Capital leases	-	-	-	-	-	-	-	-	-	-
Insurance recoveries	200,642	154,200	291,210	192,898	136,585	153,041	83,737	134,003	288,518	177,154
Issuance of debt	31,172,273	-	-	3,044,491	240,366	-	3,128,732	-	-	-
Issuance of refunding bond	2,150,000	-	-	-	-	-	38,198	-	-	-
Debt Premium	305,844	-	-	-	-	-	-	-	-	-
Payment to escrow agent - refunded bon	(2,235,000)	-	-	-	-	-	(3,005,000)	-	-	-
Sales of capital assets	-	1,331,092	800	2,593,405	17,458	21,952	-	2,700	-	-
<b>Total other financing sources (uses)</b>	<b>33,290,918</b>	<b>2,653,885</b>	<b>(69,971)</b>	<b>6,155,969</b>	<b>700,730</b>	<b>607,197</b>	<b>184,321</b>	<b>24,242</b>	<b>654,975</b>	<b>1,008,650</b>
<b>Net change in fund balances</b>	<b>\$ 4,648,159</b>	<b>\$ (3,418,373)</b>	<b>\$ 747,358</b>	<b>\$ 4,370,963</b>	<b>\$ 4,271,526</b>	<b>\$ 4,281,397</b>	<b>\$ 7,595,004</b>	<b>\$ 3,515,237</b>	<b>\$ 890,644</b>	<b>\$ 5,595,953</b>
Debt service as a percentage of noncapital expenditures	37.50%	5.44%	6.64%	8.71%	10.68%	5.50%	5.14%	4.66%	4.38%	3.72%

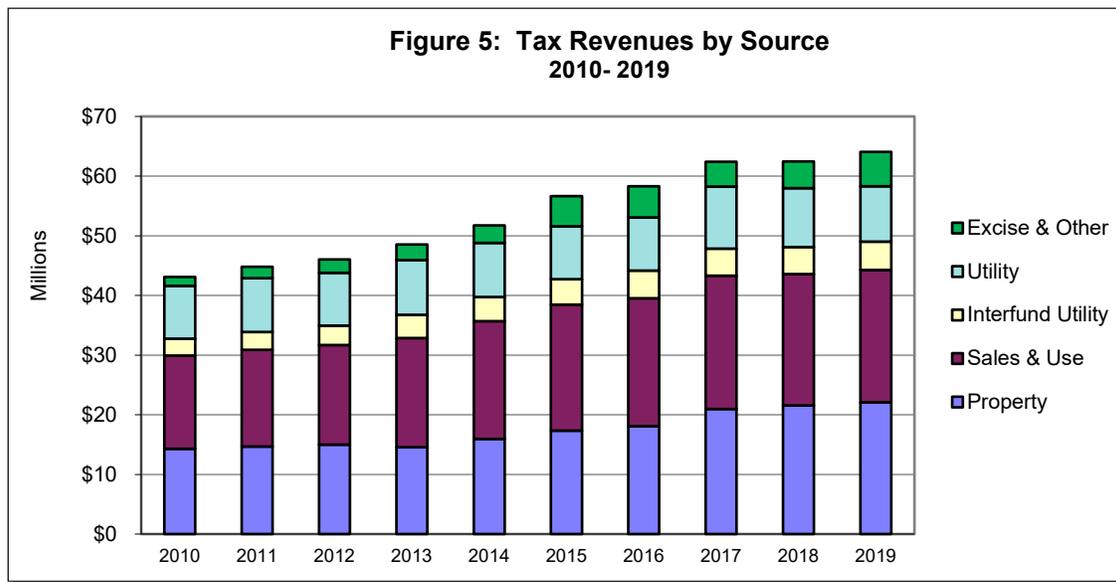
(1) Capital outlay reported in governmental funds for 2019 are \$3,270,129 plus \$7,416,782 which is reported for each functional activity with the other funds results in total capital outlay of \$10,686,911 as reported on the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Government Funds to the Statement of Activities.

Source: City of Auburn, Finance Department

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

Fiscal Year	Property	Sales & Use	Interfund Utility	Utility	Excise	Other	Total
2010	14,283,303	15,657,081	2,788,083	8,886,964	1,389,030	65,234	43,069,695
2011	14,683,329	16,213,244	2,948,297	9,049,689	1,859,738	58,678	44,812,975
2012	14,987,636	16,679,278	3,281,816	8,856,498	2,141,620	56,734	46,003,582
2013	14,535,673	18,335,157	3,892,250	9,156,636	2,555,850	69,475	48,545,041
2014	15,933,338	19,744,684	4,068,667	9,040,015	2,888,797	42,988	51,718,489
2015	17,337,108	21,125,730	4,260,831	8,838,179	4,999,517	70,972	56,632,337
2016	18,067,324	21,475,335	4,624,951	8,917,401	5,057,013	137,960	58,279,984
2017	20,976,384	22,333,454	4,540,265	10,391,462	4,141,146	42,535	62,425,246
2018	21,561,924	21,996,115	4,552,505	9,841,620	4,393,134	85,048	62,430,346
2019	22,057,841	22,212,601	4,760,229	9,278,114	5,650,339	73,577	64,032,701
<b>Change</b>							
2010-2019	54.4%	41.9%	70.7%	4.4%	306.8%	12.8%	48.7%

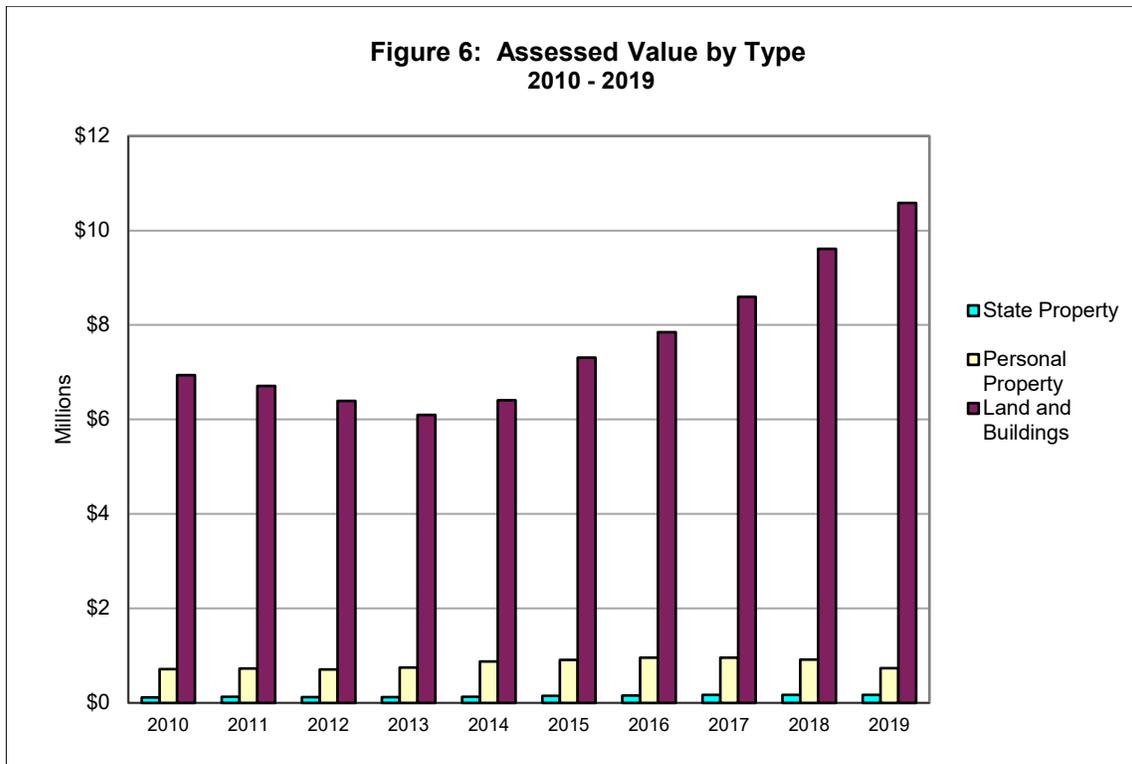
Source: City of Auburn, Finance Department



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
2010	114,661	715,534	6,935,683	7,765,878	1.82
2011	126,415	726,944	6,711,148	7,564,507	1.93
2012	124,204	709,024	6,392,321	7,225,550	2.08
2013	124,230	745,891	6,098,598	6,968,719	2.10
2014	132,854	880,015	6,409,300	7,422,169	2.17
2015	146,941	911,493	7,308,219	8,366,653	2.08
2016	156,673	958,859	7,851,588	8,967,119	2.05
2017	171,829	957,161	8,592,887	9,721,877	2.20
2018	169,543	918,637	9,611,541	10,699,721	2.03
2019	171,044	733,264	10,585,207	11,489,515	1.92

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

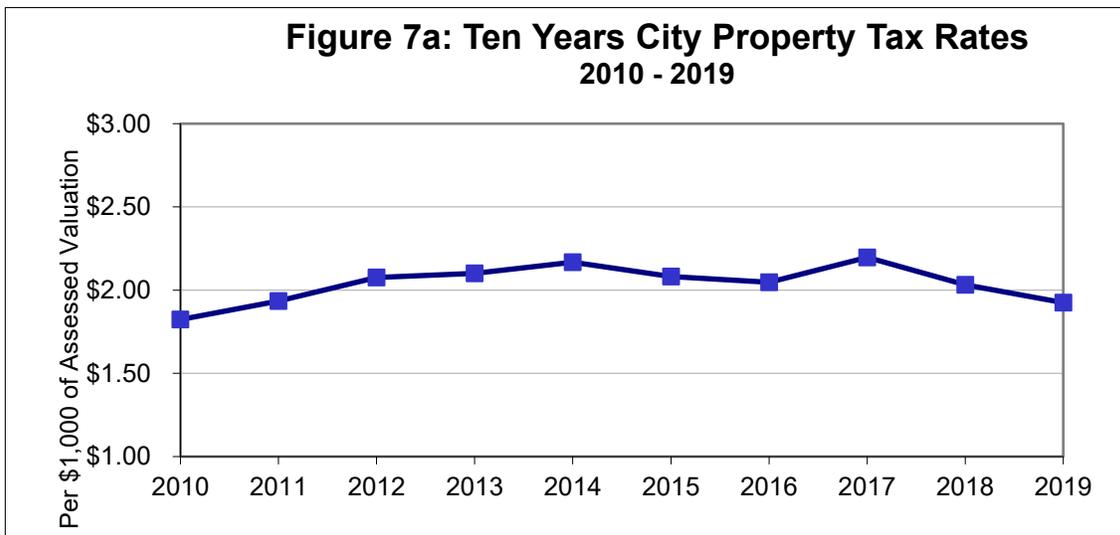


City of Auburn, Washington  
**SCHEDULE 7**  
**PROPERTY TAX DATA**  
 Last Ten Fiscal Years

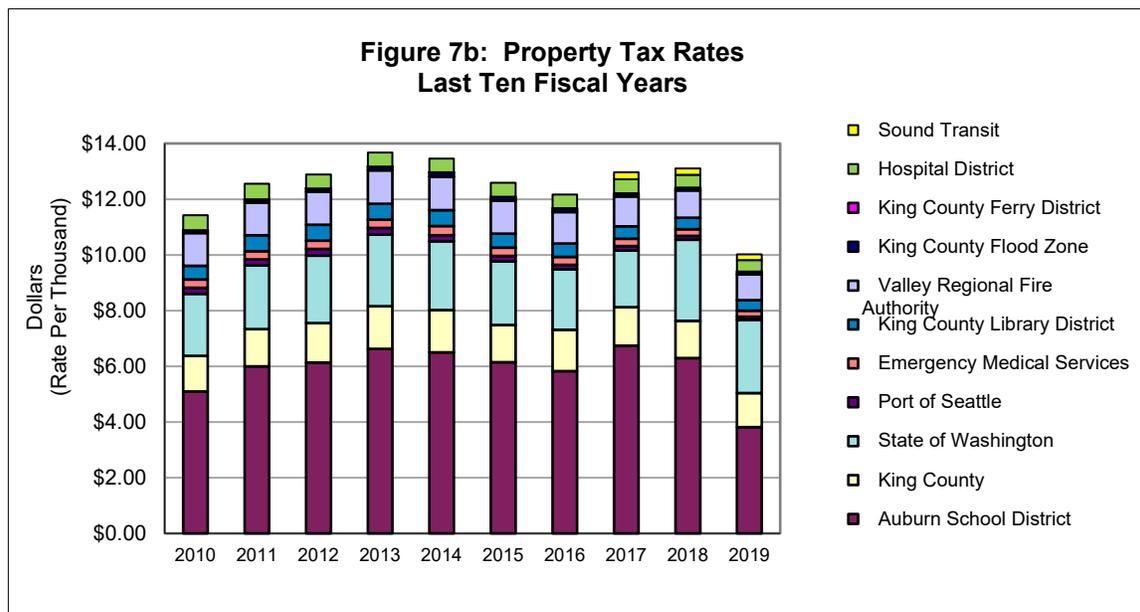
Item	2010	2011	2012	2013
<b>Assessed and estimated actual values <sup>(1)</sup></b>				
Estimated and actual value (in thousands)	\$ 7,765,878	\$ 7,564,507	\$ 7,225,550	\$ 6,968,719
Assessed value (in thousands)	7,765,878	7,564,507	7,225,550	6,968,719
Ratio of assessed to actual	100%	100%	100%	100%
<b>Property tax rates <sup>(1)</sup></b>				
Direct regular and special				
General fund	\$ 1.82336	\$ 1.93458	\$ 2.07527	\$ 2.10000
Debt service funds	-	-	-	-
Subtotal	1.82336	1.93458	2.07527	2.10000
<b>Overlapping regular and special <sup>(1)</sup></b>				
Auburn School District	\$ 5.09382	\$ 5.99562	\$ 6.14004	\$ 6.62190
King County	1.28499	1.33816	1.41588	1.54051
State of Washington	2.22253	2.27990	2.42266	2.56720
Port of Seattle	0.21597	0.22366	0.22982	0.23324
Sound Transit	-	-	-	-
Emergency Medical Services	0.30000	0.30000	0.30000	0.30000
Hospital District	0.53290	0.55753	0.50000	0.50000
King County Library District	0.48526	0.56621	0.56992	0.56743
Valley Regional Fire Authority	1.17910	1.17977	1.18925	1.20479
King County Flood Zone	0.10514	0.10976	0.11616	0.13210
King County Ferry District	0.00348	0.00360	0.00372	0.00378
Subtotal	11.42319	12.55421	12.88745	13.67095
Total direct and overlapping	<u>\$ 13.24655</u>	<u>\$ 14.48879</u>	<u>\$ 14.96272</u>	<u>\$ 15.77095</u>

Sources:

(1) King County and Pierce County Departments of Assessments; real and personal property has been assessed at 100% of the estimated actual value.



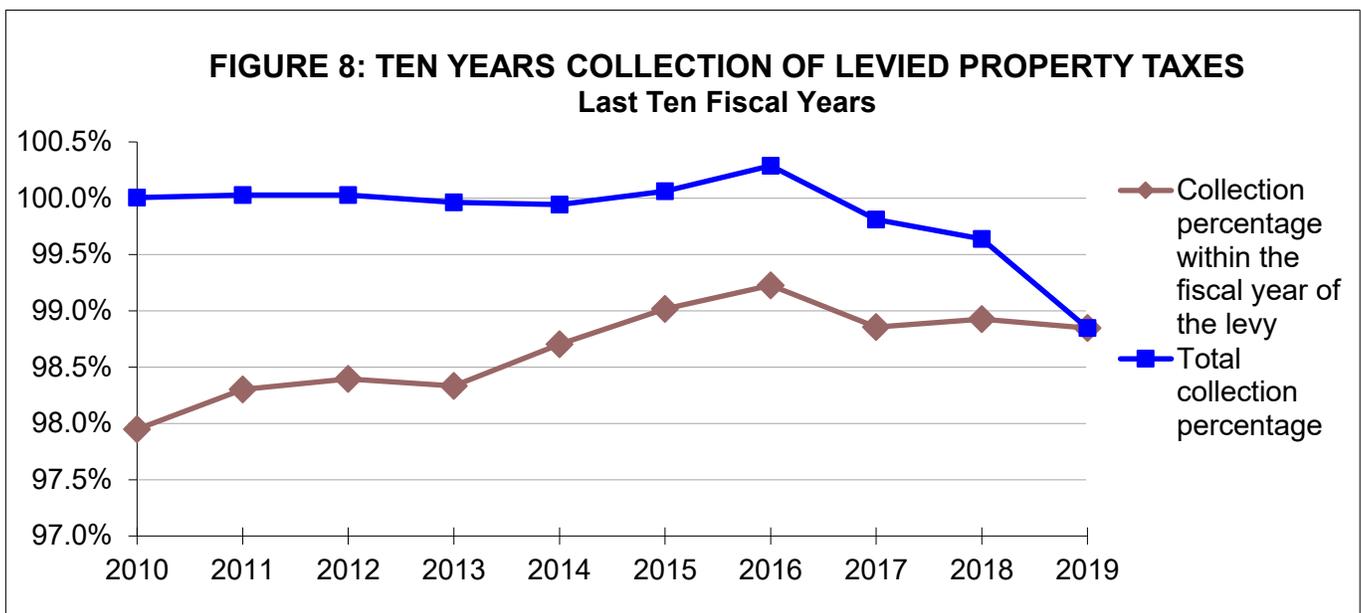
2014	2015	2016	2017	2018	2019
\$ 7,422,169	\$ 8,366,653	\$ 8,967,119	\$ 9,721,877	\$ 10,699,721	\$ 11,489,516
7,422,169	8,366,653	8,967,119	9,721,877	10,699,721	11,489,516
100%	100%	100%	100%	100%	100%
\$ 2.16739	\$ 2.08085	\$ 2.04719	\$ 2.19668	\$ 2.03239	\$ 1.92435
-	-	-	-	-	-
2.16739	2.08085	2.04719	2.19668	2.03239	1.92435
\$ 6.50262	\$ 6.14079	\$ 5.82831	\$ 6.74299	\$ 6.29971	\$ 3.81351
1.51605	1.34522	1.48027	1.38294	1.32735	1.21906
2.47044	2.28514	2.16898	2.03205	2.91820	2.62922
0.21533	0.18885	0.16954	0.15334	0.13518	0.12266
-	-	-	0.25000	0.22745	0.20700
0.33500	0.30217	0.28235	0.26305	0.23940	0.21762
0.50000	0.50000	0.50000	0.50089	0.45689	0.41673
0.56175	0.50276	0.47714	0.45118	0.41190	0.37441
1.20294	1.18043	1.13495	1.06821	0.98189	0.92352
0.15369	0.13860	0.12980	0.11740	0.10708	0.09660
0.00349	-	-	-	-	-
13.46131	12.58396	12.17134	12.96205	13.10505	10.02033
\$ 15.62870	\$ 14.66481	\$ 14.21853	\$ 15.15873	\$ 15.13744	\$ 11.94468



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

Fiscal Year	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Current Year Levy Balance
		Amount	% of Levy		Amount	% of Levy	
<b>King County:</b>							
2010	12,712,653	\$ 12,459,564	98.0%	253,791	\$ 12,713,355	100.0%	\$ (702)
2011	13,069,304	12,846,996	98.3%	226,405	13,073,400	100.0%	(4,096)
2012	13,389,628	13,167,731	98.3%	226,177	13,393,908	100.0%	(4,280)
2013	12,900,768	12,673,712	98.2%	221,970	12,895,681	100.0%	5,086
2014	14,166,235	13,970,560	98.6%	187,021	14,157,581	99.9%	8,654
2015	15,388,186	15,226,048	98.9%	173,080	15,399,128	100.1%	(10,941)
2016	16,034,761	15,897,626	99.1%	188,852	16,086,478	100.3%	(51,718)
2017	18,649,852	18,418,844	98.8%	193,205	18,612,049	99.8%	37,803
2018	19,100,211	18,872,111	98.8%	152,709	19,024,820	99.6%	75,390
2019	19,544,281	19,298,789	98.7%	-	19,298,789	98.7%	245,493
							<u>\$ 300,689</u>
<b>Pierce County:</b>							
2010	1,489,729	\$ 1,451,377	97.4%	38,352	\$ 1,489,729	100.0%	\$ 1
2011	1,425,381	1,401,543	98.3%	23,838	1,425,381	100.0%	(0)
2012	1,495,390	1,478,230	98.9%	17,159	1,495,390	100.0%	0
2013	1,484,398	1,471,597	99.1%	12,801	1,484,398	100.0%	0
2014	1,595,675	1,587,010	99.5%	8,501	1,595,511	100.0%	164
2015	1,746,163	1,739,735	99.6%	6,324	1,746,059	100.0%	104
2016	1,867,636	1,866,288	99.9%	1,289	1,867,577	100.0%	59
2017	2,237,907	2,229,573	99.6%	6,701	2,236,273	99.9%	1,634
2018	2,320,684	2,318,858	99.9%	-	2,318,858	99.9%	1,826
2019	2,389,944	2,382,374	99.7%	-	2,382,374	99.7%	7,570
							<u>\$ 11,358</u>
					<b>Total current levy balance</b>		<u>\$ 312,046</u>

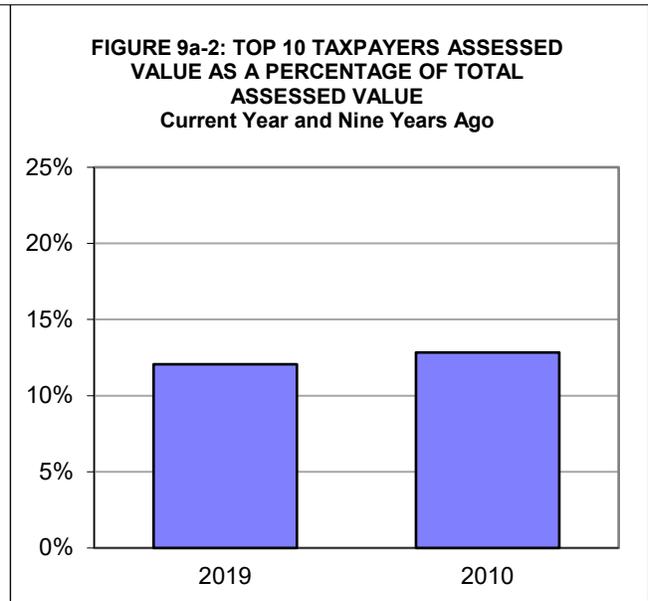
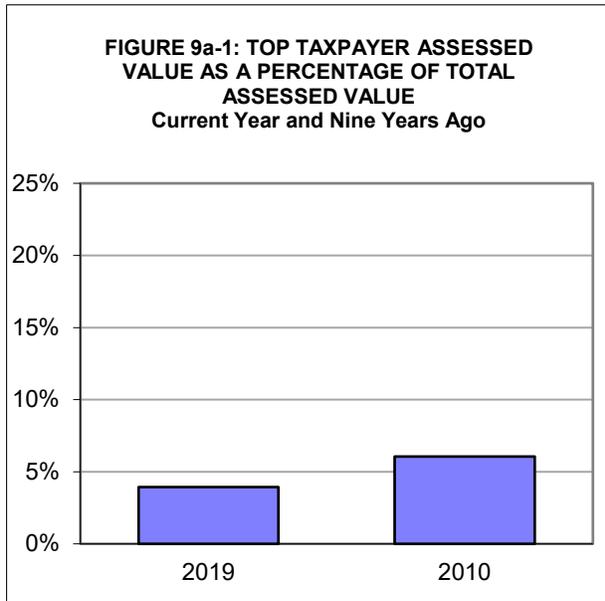
Source: King County Finance and Business Operations Division  
 Pierce County Budget and Finance Department



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

Taxpayer	2019			2010		
	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Boeing	\$ 452,218,158	1	3.94%	\$ 469,398,671	1	6.04%
EProperty Tax Inc.	143,963,300	2	1.25%	33,672,100	8	0.43%
Safeway	136,670,504	3	1.19%	86,736,849	3	1.12%
Glimcher Supermall Venture	115,878,950	4	1.01%	109,755,583	2	1.41%
PPF Industrial	113,642,000	6	0.99%	N/A		
Principal Life Insurance Co.	109,741,800	5	0.96%	N/A		
Puget Sound Energy	89,782,056	7	1.25%	64,805,982	5	0.83%
Prologis	87,591,400	8	0.76%	N/A		
KW Lakeland LLC	71,807,100	9	0.62%	N/A		
TIAA CREF	63,721,100	10	0.55%	N/A		
Universal Health	N/A			65,886,195	4	0.85%
Belara Communities LLC	N/A			51,114,300	6	0.66%
Muckleshoot Indian Tribe	N/A			55,123,700	7	0.71%
UPS Supply Chain Solutions	N/A			31,155,543	9	0.40%
Wal-Mart Store	N/A			30,032,484	10	0.39%
<b>TOTALS</b>	<b>\$ 1,385,016,368</b>		<b>12.53%</b>	<b>\$ 997,681,407</b>		<b>12.85%</b>

Source: King County and Pierce County Departments of Assessments  
 Total assessed value for 2019: \$ 11,489,515,681  
 Total assessed value for 2010: \$ 7,765,878,000



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

2019				2010			
Sales Tax Received	Sector <sup>(1)</sup>	Rank	Percentage of Total City Sales Taxes Received	Sales Tax Received	Sector <sup>(1)</sup>	Rank	Percentage of Total City Sales Taxes Received
\$ 572,581	Automotive	1	3.0%	\$ 364,401	Automotive	1	3.3%
497,353	Manufacturing	2	2.6%	277,037	Manufacturing	2	2.5%
484,374	Retail Trade	3	2.6%	269,958	Automotive	3	2.4%
456,971	Automotive	4	2.4%	256,232	Automotive	4	2.3%
418,375	Construction	5	2.2%	241,986	Automotive	5	2.2%
365,306	Automotive	6	1.9%	217,191	Retail Trade	6	1.9%
352,652	Automotive	7	1.9%	210,535	Retail Trade	7	1.9%
311,965	Retail Trade	8	1.7%	209,377	Automotive	8	1.9%
286,644	Automotive	9	1.5%	202,535	Automotive	9	1.8%
277,162	Automotive	10	1.5%	190,954	Automotive	10	1.7%
<b>\$ 4,023,383</b>			<b>21.4%</b>	<b>\$ 2,440,206</b>			<b>21.9%</b>

Source: Washington State Department of Revenue

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>RETAIL TRADE SECTOR</b>										
Automotive/gas	\$ 2,553	\$ 2,785	\$ 3,019	\$ 3,136	\$ 3,309	\$ 3,707	\$ 3,659	\$ 3,972	\$ 4,122	\$ 4,069
Furniture	194	218	226	235	254	254	185	197	210	222
Electronics & appliances	121	127	145	174	237	295	221	211	229	277
Building materials	389	383	425	447	502	590	579	580	576	652
Food stores	354	331	341	335	353	368	397	369	388	406
Health & personal care	144	148	149	174	188	221	284	369	420	426
Apparel	752	754	772	889	1,009	1,080	1,136	1,119	1,170	1,236
General merchandise	801	968	967	974	955	988	1,018	993	221	818
Misc. retail trade	834	851	897	990	1,182	1,193	1,032	1,033	1,827	1,399
<b>Subtotal - Retail Trade</b>	<b>6,142</b>	<b>6,566</b>	<b>6,943</b>	<b>7,354</b>	<b>7,989</b>	<b>8,695</b>	<b>8,512</b>	<b>8,843</b>	<b>9,163</b>	<b>9,506</b>
<b>SERVICE SECTOR</b>										
Information	\$ 979	\$ 481	\$ 396	\$ 446	\$ 487	\$ 526	\$ 630	\$ 662	\$ 638	\$ 668
Finance & insurance	68	66	53	91	88	95	111	122	140	138
Real estate, rental, leasing	288	304	326	279	315	334	359	368	368	434
Professional, scientific, technical	191	175	173	184	216	195	238	239	254	344
Administrative, supply & remediation services	239	295	334	336	350	383	329	276	424	524
Educational	56	53	54	50	49	60	50	56	47	46
Healthcare & social services	37	41	115	33	66	82	92	75	93	93
Arts & entertainment	154	149	153	149	158	208	156	110	119	120
Accommodation & food service	806	839	921	979	1,067	1,159	1,218	1,276	1,435	1,469
Other services	493	482	530	507	526	603	788	728	711	609
<b>Subtotal - Services</b>	<b>3,310</b>	<b>2,882</b>	<b>3,056</b>	<b>3,054</b>	<b>3,322</b>	<b>3,646</b>	<b>3,970</b>	<b>3,912</b>	<b>4,229</b>	<b>4,445</b>
<b>OTHER SECTORS</b>										
Construction	\$ 1,322	\$ 1,296	\$ 1,221	\$ 1,943	\$ 1,754	\$ 2,297	\$ 2,292	\$ 2,632	\$ 2,310	\$ 2,193
Manufacturing	411	583	405	624	1,163	862	761	678	754	821
Transportation	29	77	55	46	71	66	99	89	120	89
Wholesaling	1,180	1,260	1,297	1,279	1,205	1,229	1,265	1,363	1,469	1,496
Other business	128	224	61	64	120	72	67	65	154	265
<b>Subtotal - Other</b>	<b>3,071</b>	<b>3,439</b>	<b>3,038</b>	<b>3,956</b>	<b>4,312</b>	<b>4,525</b>	<b>4,485</b>	<b>4,827</b>	<b>4,807</b>	<b>4,863</b>
<b>GRAND TOTAL</b>	<b>\$ 12,523</b>	<b>\$ 12,887</b>	<b>\$ 13,037</b>	<b>\$ 14,364</b>	<b>\$ 15,623</b>	<b>\$ 16,866</b>	<b>\$ 16,967</b>	<b>\$ 17,582</b>	<b>\$ 18,198</b>	<b>\$ 18,814</b>

**OVERLAPPING SALES TAX RATES**

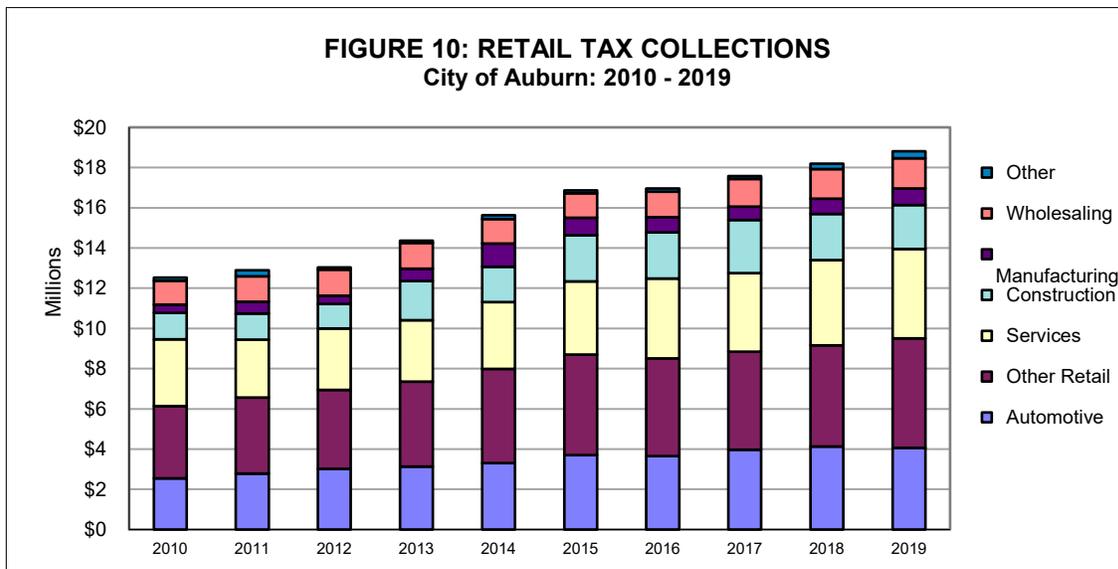
<b>Basic sales tax rates</b>										
City of Auburn	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%
Washington State	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
King County	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Regional Transit Authority	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	1.40%	1.40%
Metro	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
Criminal Justice	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
<b>Total basic sales tax rate</b>	<b>9.50%</b>	<b>10.00%</b>	<b>10.00%</b>							

**Special sales tax rates**

Restaurants-for stadium funding <sup>(1)</sup>	0.50%	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Motor vehicles	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%

(1) This tax expired on October 1, 2011

Source: City of Auburn Finance Department and State of Washington

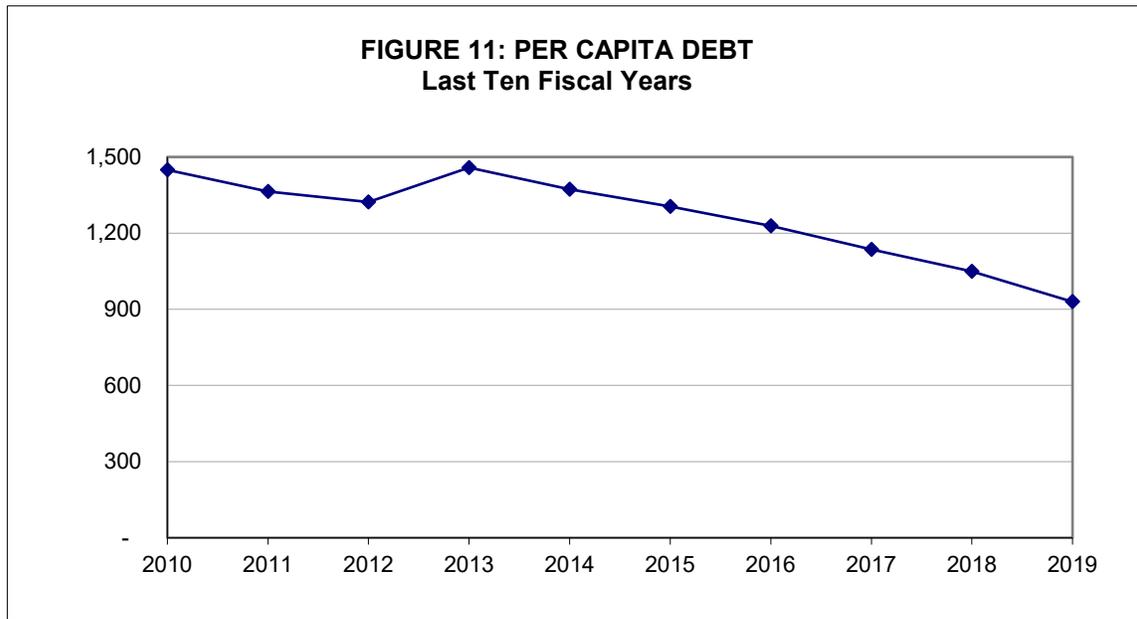


City of Auburn, Washington  
**SCHEDULE 11**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income <sup>(1)</sup>	Per Capita
	General Obligation Bonds	Public Works Trust Fund Loans	Capital Leases	Revenue Bonds	Public Works Trust Fund Loans			
2010	\$64,816,850	\$ 1,446,890	\$ 604,685	\$ 23,220,000	\$ 8,849,134	\$98,937,559	5.35%	1,449.21
2011	63,430,850	1,366,507	566,212	22,930,000	8,125,303	96,418,872	5.07%	1,363.68
2012	61,900,771	1,286,125	524,498	23,057,333	7,401,474	94,170,201	5.05%	1,321.87
2013	59,568,505	4,239,813	480,771	34,292,569	8,203,090	106,784,748	5.57%	1,458.11
2014	57,367,766	4,284,173	435,068	32,813,473	7,524,538	102,425,018	5.12%	1,372.44
2015	55,094,519	4,086,797	569,773	31,304,378	7,563,847	98,619,314	4.85%	1,305.44
2016	54,245,944	3,889,421	476,635	28,545,000	7,522,767	94,679,767	4.48%	1,228.65
2017	50,766,661	3,692,045	382,914	28,161,699	6,702,388	89,705,707	4.07%	1,136.09
2018	48,427,873	3,494,669	282,461	26,523,113	5,866,029	84,594,145	3.58%	1,049.36
2019	42,703,404	3,297,294	173,692	24,829,528	4,967,012	75,970,930	2.98%	929.65

Source: City of Auburn, Finance Department

(1) Personal income data provided by US Census Bureau estimate for 2013, 2012, 2011; Hebert Research for 2010 only; other years are city estimates



City of Auburn, Washington  
**SCHEDULE 12**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
As of December 31, 2019

	General Capacity		Special Purpose Capacity		Total Capacity
	Councilmanic	Excess Levy	Parks and Open Spaces	Utility Purpose	
December 31, 2019 - Total Assessed Value:					
\$	12,316,932,930				
2.5% of Assessed Value	\$ -	\$ 307,923,323	\$ 307,923,323	\$ 307,923,323	\$ 923,769,969
1.5% of Assessed Value	184,753,994	(184,753,994)	-	-	-
Statutory Debt Limit	184,753,994	123,169,329	307,923,323	307,923,323	923,769,969
Debt Outstanding	46,115,178	-	-	-	46,115,178
Net Debt Outstanding	46,115,178	-	-	-	46,115,178
Remaining Debt Capacity	<u>\$138,638,816</u>	<u>\$ 123,169,329</u>	<u>\$ 307,923,323</u>	<u>\$ 307,923,323</u>	<u>\$ 877,654,791</u>

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 565,822	\$ 539,989	\$ 518,188	\$ 546,602	\$ 617,872	\$ 661,996	\$ 716,628	\$ 791,936	\$ 854,513	\$ 923,770
Total net debt applicable to limit	66,868	65,364	63,815	64,047	61,892	59,409	57,152	54,208	52,097	46,115
Legal debt margin	<u>\$ 498,954</u>	<u>\$ 474,625</u>	<u>\$ 454,372</u>	<u>\$ 482,554</u>	<u>\$ 555,980</u>	<u>\$ 602,588</u>	<u>\$ 659,476</u>	<u>\$ 737,728</u>	<u>\$ 802,416</u>	<u>\$ 877,655</u>
Total net debt applicable to the limit as a percentage of debt limit	11.82%	12.10%	12.32%	11.72%	10.02%	8.97%	7.98%	6.85%	6.10%	4.99%

City of Auburn, Washington  
**SCHEDULE 14**  
**COMPUTATION OF NET DIRECT AND ESTIMATED OVERLAPPING DEBT**  
As of December 31, 2019

	Net Debt Outstanding	Percent Applicable <sup>(3)</sup>	Bonded Amount Applicable
<b>Net direct debt:</b>			
Net direct debt - City of Auburn <sup>(1)</sup>			\$ 46,174,390
<b>Estimated net overlapping debt: <sup>(2)</sup></b>			
King County	\$ 669,566,000	1.68%	\$ 11,248,709
Port of Seattle	335,470,000	1.68%	5,635,896
School District No. 210	300,882,476	2.91%	8,755,680
School District No. 408	396,810,000	77.18%	306,257,958
School District No. 415	247,156,000	1.39%	3,435,468
Rural Library District	68,420,000	2.98%	2,038,916
Valley Regional Fire Authority	10,425,000	89.56%	9,336,630
Pierce County	149,715,000	0.91%	1,360,065
Total estimated net overlapping debt			<u>348,069,322</u>
Total direct and overlapping debt			<u>\$ 394,243,712</u>

## Sources:

- (1) Includes both bonded and non bonded debt related to government activities. From Sch. 9 Changes in LT Liabilities  
(2) Overlapping governments  
(3) King County Assessors office and Pierce County Assessors office.

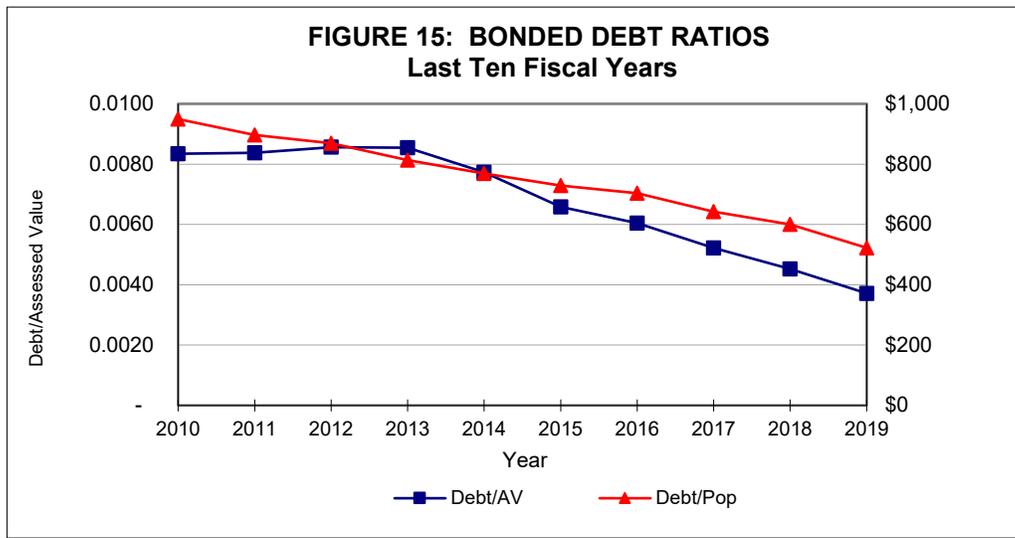
Calculation of overlapping debt: applicable percentage is determined by the ratio of assessed valuation of taxable property in overlapping unit to valuation of property subject to taxation in the City of Auburn.

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

Fiscal Year	Population	Assessed Value <sup>(1)</sup> (Thousands)	Net Bonded Debt <sup>(2)</sup>	Debt Service Amount <sup>(3)</sup> Available	Net Bonded Debt (Thousands)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2010	68,270	\$ 7,765,878	\$ 64,816,850	\$ 46,058	\$ 64,771	0.83%	\$ 949
2011	70,705	7,564,507	63,430,850	45,754	63,385	0.84%	897
2012	71,240	7,225,550	61,900,771	46,155	61,855	0.86%	869
2013	73,235	6,968,719	59,568,505	-	59,569	0.85%	813
2014	74,630	7,422,169	57,367,766	-	57,368	0.77%	769
2015	75,545	8,366,653	55,094,519	-	55,095	0.66%	729
2016	77,060	8,967,119	54,245,944	-	54,246	0.60%	704
2017	78,960	9,721,877	50,766,661	-	50,767	0.52%	643
2018	80,615	10,699,721	48,427,873	-	48,428	0.45%	601
2019	81,720	11,489,516	42,703,404	-	42,703	0.37%	523

Notes:

- (1) From Schedule 7
- (2) General Obligation Debt related to government activities, from Schedule 11.
- (3) Fund balance from debt service fund.



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

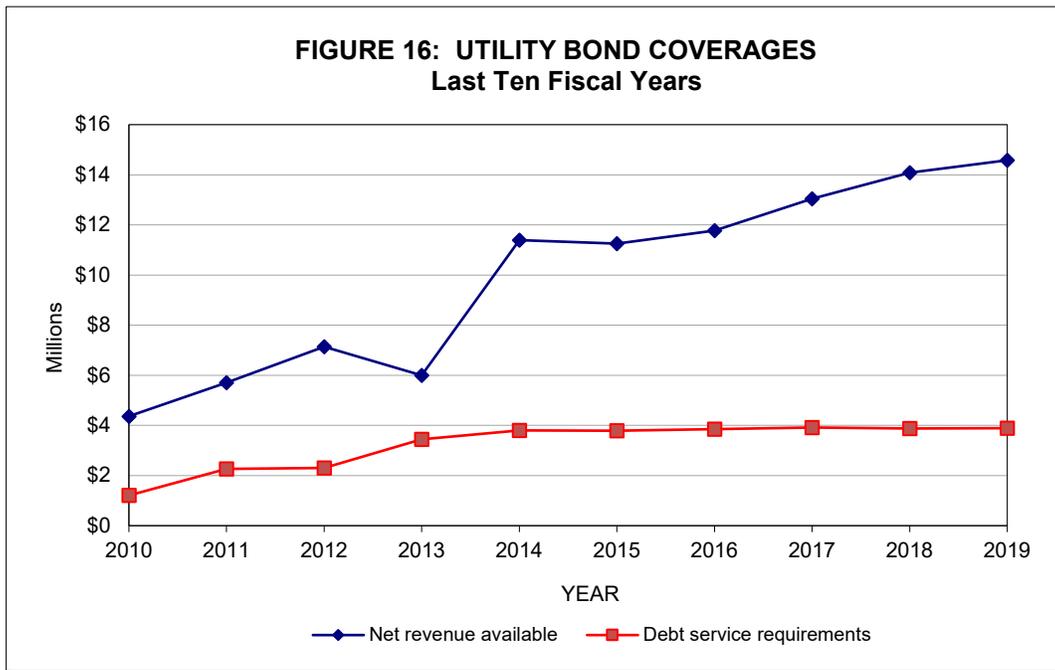
Year	Gross <sup>(1)</sup> Revenue	Direct <sup>(2)</sup> Operating Expense	Net Revenue Available	Debt Service Requirements			Times Coverage
				Principal	Interest	Total <sup>(3)</sup>	
2010	\$ 33,115,398	\$28,749,877	\$ 4,365,520	\$ 1,056,094	\$ 150,675	\$ 1,206,769	3.62
2011	34,909,200	29,201,088	5,708,112	1,013,830	1,248,612	2,262,442	2.52
2012	38,119,472	30,974,506	7,144,966	1,028,830	1,277,285	2,306,115	3.10
2013	42,406,722	36,406,640	6,000,082	1,943,830	1,508,405	3,452,235	1.74
2014	46,900,016	35,502,812	11,397,204	2,197,667	1,599,347	3,797,014	3.00
2015	49,673,159	38,425,799	11,247,360	2,231,093	1,563,433	3,794,526	2.96
2016	50,385,548	38,614,719	11,770,829	2,326,117	1,523,830	3,849,947	3.06
2017	51,771,171	38,726,814	13,044,357	2,422,369	1,494,706	3,917,075	3.33
2018	53,103,312	39,020,666	14,082,646	2,482,692	1,391,468	3,874,160	3.64
2019	53,910,487	39,330,641	14,579,846	2,553,276	1,334,334	3,887,610	3.75

Source: City of Auburn, Finance Department

(1) Includes water, sewer & storm drainage operating, interest and other revenues.

(2) Includes water, sewer & storm drainage operating expenses less depreciation.

(3) Includes both parity and non-parity debt.

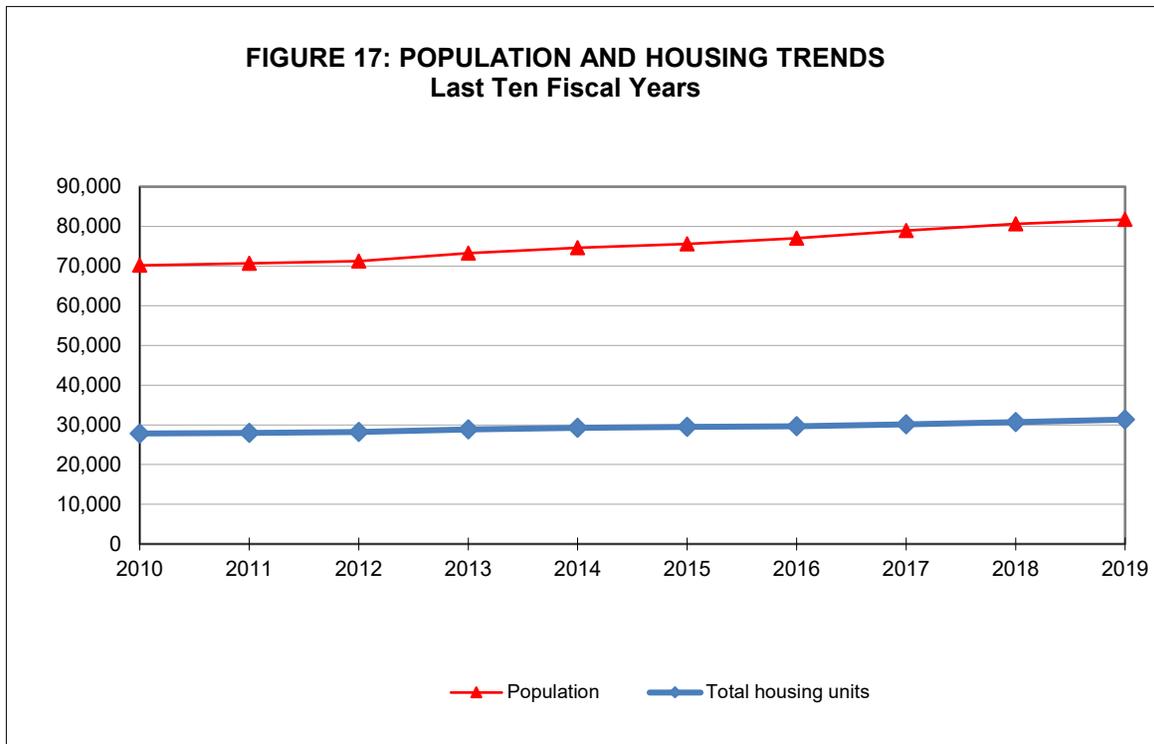


City of Auburn, Washington  
**SCHEDULE 17**  
**POPULATION, INCOME AND HOUSING TRENDS**  
 Last Ten Fiscal Years

Item	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
School enrollment <sup>(1)</sup>	14,482	14,363	14,596	14,971	15,277	15,663	15,945	16,525	16,949	17,208
Rate of unemployment <sup>(2)</sup>	9.7%	8.7%	7.5%	6.0%	5.4%	4.9%	4.4%	4.4%	4.2%	3.7%
Population <sup>(3)</sup>	70,180	70,705	71,240	73,235	74,630	75,545	77,060	78,960	80,615	81,720
Personal income (thousands of dollars) <sup>(4)</sup>	\$ 1,900,474	\$ 1,901,540	\$ 1,871,973	\$ 1,917,219	\$ 2,000,606	\$ 2,033,520	\$ 2,111,829	\$ 2,206,142	\$ 2,365,567	\$ 2,552,034
Per capita personal income <sup>(4)</sup>	\$ 27,080	\$ 26,894	\$ 26,277	\$ 26,179	\$ 26,807	\$ 26,918	\$ 27,405	\$ 27,940	\$ 29,344	\$ 31,229
Housing units <sup>(5)</sup>										
One unit	14,641	14,775	14,957	15,393	15,804	16,042	16,167	16,373	16,616	16,674
Two or more	10,560	10,592	10,631	10,841	10,841	10,847	10,854	11,110	11,417	12,008
Mobile home or special	2,633	2,635	2,618	2,630	2,631	2,637	2,630	2,675	2,659	2,663
Total housing units	27,834	28,002	28,206	28,864	29,276	29,526	29,651	30,158	30,692	31,345

Sources:

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



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

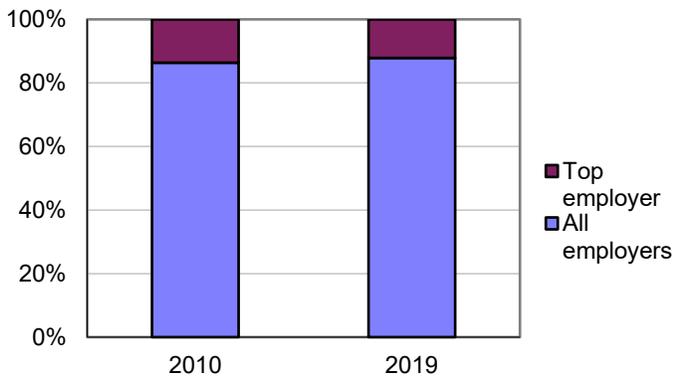
Employer	Product/service	2019			2010		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
The Boeing Company	Aerospace	5,740	1	13.9%	5,179	1	15.8%
Muckleshoot Tribal Enterprises	Gaming	3,515	2	8.5%	2,500	2	7.6%
The Outlet Collection*	Retail	3,225	3	7.8%	1,700	4	5.2%
Auburn School District	Education	2,610	4	6.3%	1,800	3	5.5%
Multicare Auburn Medical Center**	Hospital	1,821	5	4.4%	805	6	2.5%
Green River College	Education	1,304	6	3.1%	1,067	5	3.3%
Emerald Downs Racetrack	Gaming	1,145	7	2.8%	678	7	2.1%
Safeway Distribution Center	Distribution	875	8	2.1%	650	8	2.0%
Skills, Inc	Manufacturing	675	9	1.6%			0.0%
Zones, Inc.	Technology Reseller	560	10	1.4%	500	10	1.5%
Federal Aviation Administration	Federal Government	-	-	0.0%	500	10	1.5%
General Services Administration	Federal Government	-	-	0.0%	500	10	1.5%
Social Security Administration	Govt / Public Offices			0.0%	600	9	1.8%
<b>Totals</b>		<b>21,470</b>		<b>51.8%</b>	<b>16,479</b>		<b>50.2%</b>

2019 - City of Auburn, Economic Development  
 2010 - City of Auburn CAFR

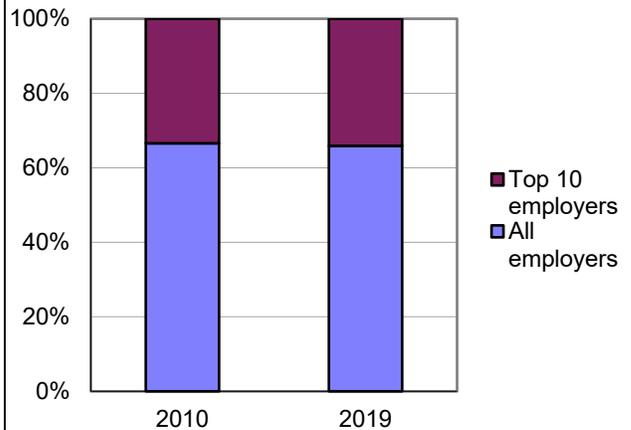
\* Previously the Supermall.

\*\*Previously Auburn Regional Medical Center.

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



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

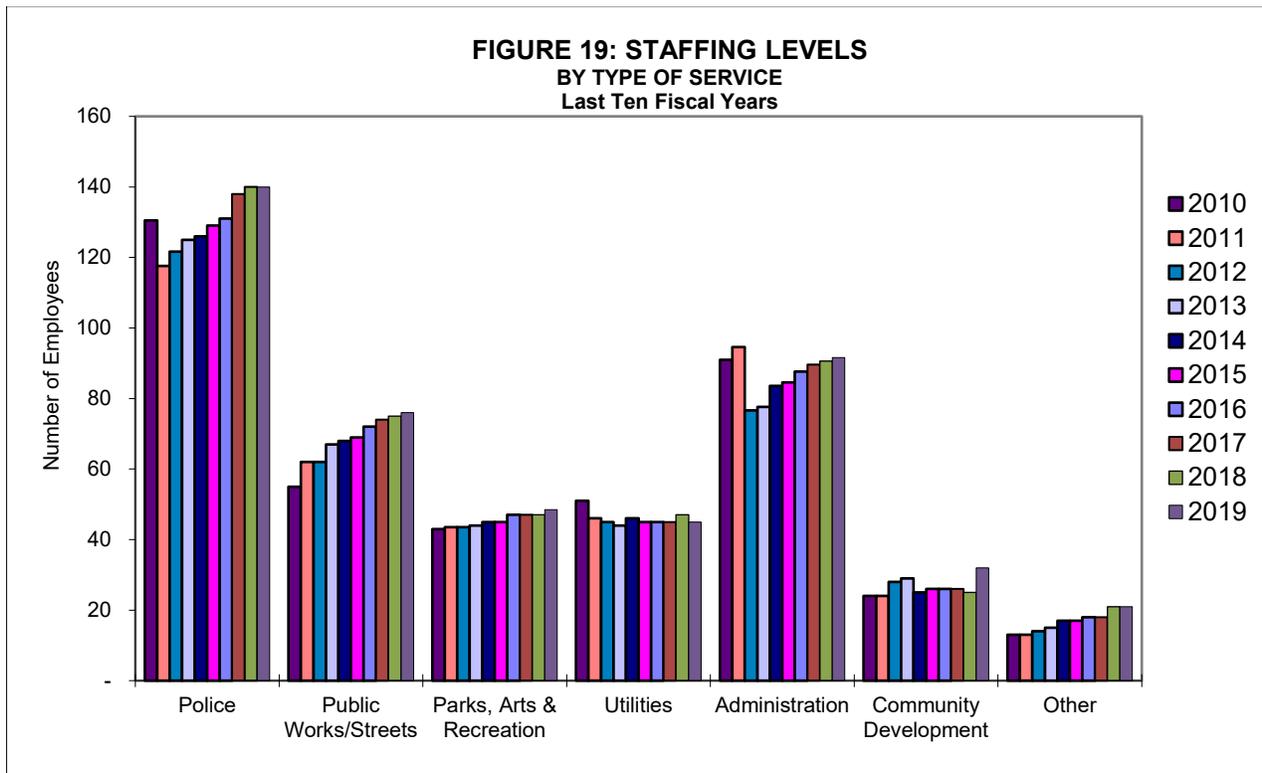


**City of Auburn, Washington**  
**SCHEDULE 19**  
**STAFFING LEVELS BY DEPARTMENT**  
 Last Ten Fiscal Years

Department	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Mayor	10	10	7	7	3	3	3	3	3	3
Administration <sup>(1)</sup>	0	0	0	0	8	8	10	11	12	8
Human Resources	7	7	8	8	8	8	9	8	8	8
Finance	21	22	22	23	23	22	22	22	22	24
Municipal Court <sup>(2)</sup>	17	19	0	0	0	0	0	0	0	0
Legal	13	13	13	13	14	14	14	15	15	16
Community Development	24	24	28	29	25	26	26	26	25	32
Police	131	118	122	125	126	129	131	138	140	140
Public Works	43	43	43	48	49	50	53	54	55	55
Parks, Arts and Recreation <sup>(3)</sup>	35	36	36	36	45	45	47	47	47	49
Street	12	19	19	19	19	19	19	20	20	21
Water	22	22	22	22	24	23	23	23	23	23
Sewer	11	12	11	10	10	10	10	10	10	10
Storm Drainage	16	10	10	10	10	10	10	10	12	12
Solid Waste	2	2	2	2	2	2	2	2	2	0
Airport <sup>(4)</sup>	0	0	0	0	0	0	0	0	3	3
Cemetery	7	7	7	5	5	5	6	6	6	6
Golf Course <sup>(3)</sup>	8	8	8	8	0	0	0	0	0	0
Facilities	10	10	9	9	9	10	10	10	10	11
Multimedia <sup>(5)</sup>	0	0	0	0	4	4	4	4	4	4
Innovation & Technology	14	14	18	18	15	16	16	17	17	18
Equipment Rental	6	6	7	10	12	12	12	12	12	12
<b>TOTAL</b>	<b>408</b>	<b>401</b>	<b>391</b>	<b>402</b>	<b>411</b>	<b>416</b>	<b>427</b>	<b>438</b>	<b>446</b>	<b>454</b>

Source: City of Auburn Finance Department

- (1) The Administration Department was created in 2014. These FTEs were reorganized from several existing departments such as the Mayors Department, Public Works and Community Development. This department primarily consists of Emergency Management, Economic Development and Public Affairs.
- (2) In 2012, the City contracted out the Municipal Court to the King County District Court which resulted in a reduction of 19 positions.
- (3) In 2014 the Golf Course Fund was reclassified from an Enterprise Fund and is now included in the General Fund. This change moved 8 FTEs from the Golf Course Fund to the Parks, Arts and Recreation Department.
- (4) In 2018, 3.0 FTEs were added to the Airport and the Airport is now managed in-house.
- (5) In 2014 the Multimedia Division was reorganized from the Innovation & Technology Fund into its' own Internal Service Fund. The 3.6 FTEs report to the Director of Administration.



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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Planning*</b>										
Commercial permits	271	324	305	394	389	386	410	320	322	338
Commercial construction value (\$1,000's)	\$ 15,330	\$ 46,260	\$ 69,246	\$138,248	\$ 60,732	\$ 66,223	\$ 151,220	\$ 74,840	\$ 72,623	\$ 157,026
Residential permits	414	442	665	576	463	340	426	345	210	195
Residential construction value (\$1,000's)	\$ 34,915	\$ 47,681	\$100,050	\$ 97,151	\$ 84,539	\$ 63,370	\$ 73,679	\$ 52,750	\$ 25,790	\$ 18,832
<b>Police</b>										
Crimes:										
Arson	23	29	27	14	32	-	-	19	20	22
Aggravated Assault	137	148	110	145	156	186	179	198	158	171
Burglary	725	757	983	651	810	851	727	722	615	547
DUI	192	214	171	138	126	188	158	194	223	180
Homicide	3	2	6	5	1	8	6	3	1	5
Narcotics	442	396	383	279	458	511	458	742	912	797
Rape	15	23	23	26	31	31	36	49	42	45
Robbery	79	107	110	109	104	91	98	117	115	125
Theft	2,533	2,435	2,415	2,583	3,192	2,728	2,235	2,169	2,945	2,223
Theft - motor vehicle	569	600	588	678	630	996	1,159	969	973	924
Traffic:										
Non-criminal	7,182	5,400	4,922	5,378	6,520	5,489	5,706	11,483	10,946	7,262
Parking	4,648	3,383	1,946	2,052	5,238	3,737	3,822	3,777	3,477	4,425
<b>Parks and Recreation</b>										
Athletic teams	439	429	388	382	358	321	328	306	312	315
Recreation activities	2,281	3,462	3,833	3,568	3,557	3,511	2,435	3,389	3,498	3,520
Golf course rounds	49,950	45,484	45,704	47,480	47,697	52,718	48,803	47,001	50,720	51,860
Senior center visits	41,350	41,802	40,704	36,991	40,715	38,485	36,636	35,454	32,464	77,378
Cultural activities	101	127	146	180	202	204	203	214	211	229
Museum audience served	12,570	14,119	15,397	14,163	13,968	13,535	14,380	13,570	15,153	14,638
Cemetery placements	228	273	259	226	250	237	281	264	263	253

Sources: Various city departments

\* Includes the following permit types: Building, addition, tenant improvements, alterations and sign permits.

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General City</b>										
Total area (square miles)	29.8	29.8	29.8	29.8	29.8	29.8	29.8	29.8	29.8	29.8
<b>Public Works</b>										
Miles of streets	283	285	249	245	244	254	238	238	247	248
Number of streetlights <sup>(1)</sup>	5,523	5,581	6,101	6,110	6,211	6,362	6,552	6,581	6,738	3,429
Number of traffic signals	86	89	93	94	94	95	95	95	95	94
<b>Utilities</b>										
Number of services	13,372	13,334	13,863	14,106	14,573	14,787	14,872	14,746	14,769	14,781
Miles of water lines <sup>(1)</sup>	297	304	314	315	316	320	321	323	347	283
Miles of sanitary sewer lines <sup>(1)</sup>	213	213	219	220	220	223	224	225	227	206
Miles of storm lines <sup>(1)</sup>	226	247	252	263	282	294	319	337	362	234
Number of fire hydrants <sup>(1)</sup>	3,044	3,277	3,308	3,329	3,559	3,580	3,577	3,595	3,664	3,014
<b>Public Safety</b>										
Number of police stations	2	2	2	2	2	2	3	3	3	3
<b>Parks and Recreation</b>										
Total park acreage <sup>(2)</sup>	602	602	630	635	972	977	989	986	986	986
Number of softball/baseball fields	18	18	17	17	18	18	18	18	18	18
Number of soccer/football fields	3	3	3	4	4	4	4	4	4	4
Number of playgrounds	35	35	35	36	28	31	31	30	30	30

Sources: Various city departments

(1) This statistic has declined because it now represents City owned asset only effective in 2019.

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Water Customers by Class</b>										
Single Family Residential	10,564	10,704	11,224	11,476	11,822	11,973	12,054	12,010	12,010	12,028
Multifamily	991	991	989	986	1,000	1,003	1,002	1,009	1,012	1,010
Commercial	1,100	1,095	1,098	1,094	1,146	1,190	1,186	1,158	1,159	1,163
Mfr./Industrial	38	38	37	37	38	38	37	2	2	2
Schools	37	37	36	37	37	37	38	37	37	37
City Accounts	29	28	26	28	30	30	31	31	30	30
Irrigation	401	434	446	441	493	509	517	492	512	505
Total Retail Water Customers	13,160	13,327	13,856	14,099	14,566	14,780	14,865	14,739	14,762	14,775
Wholesale Water Customers	8	8	7	7	7	7	7	7	7	6
<b>Sewer Customers by Class</b>										
Single Family Residential	10,918	11,183	11,522	11,982	12,631	12,890	13,091	13,124	13,176	13,234
Non-single Family Residential	2,612	2,616	2,653	2,659	2,713	2,728	2,725	2,724	2,728	2,731
Total Sewer Customers	13,530	13,799	14,175	14,641	15,344	15,618	15,816	15,848	15,904	15,965
<b>Storm Customers by Class</b>										
Single Family Residential	14,495	14,846	15,168	15,618	16,013	16,222	16,200	16,566	16,610	16,665
Non-single Family Residential	1,769	1,653	1,661	1,640	1,670	1,679	1,913	1,671	1,691	1,696
Total Storm Customers	16,264	16,499	16,829	17,258	17,683	17,901	18,113	18,237	18,301	18,361

Sources: City of Auburn - Utility Billing

