

Sewer Fund

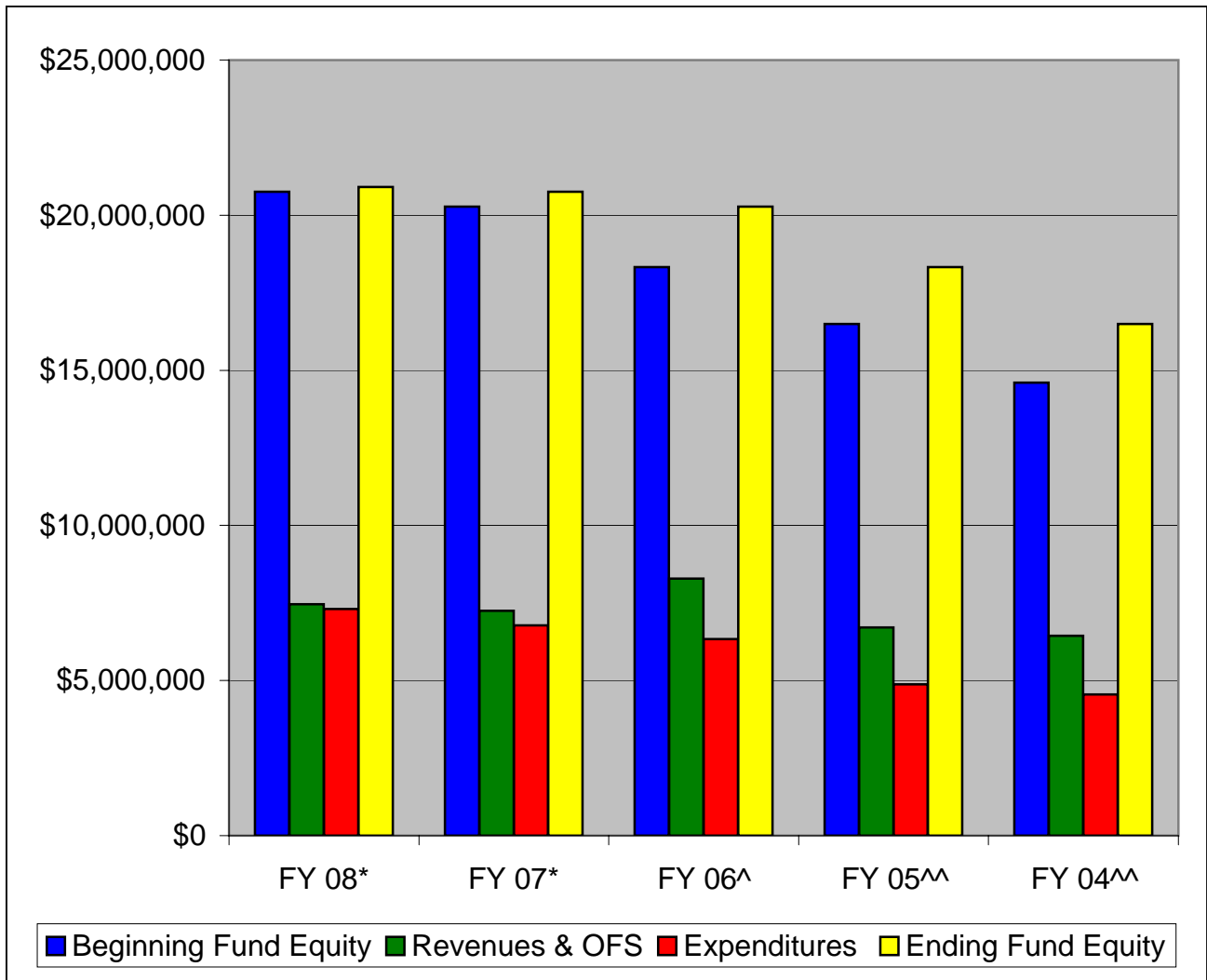
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City of Auburn

Description of and Trends in Enterprise Fund

Enterprise funds are funds used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent is that the cost, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Sewer Revenue Fund accounts for revenues earned from and costs related to the provision of sewer service.



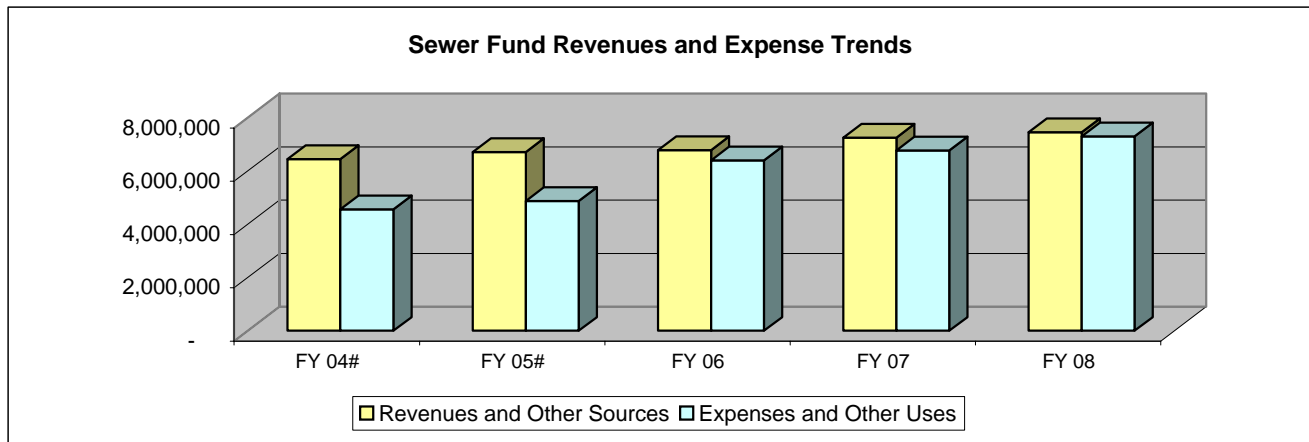
* Budgeted

^ Actual, Unaudited

^^ Audited

City of Auburn
Overview of Sewer Fund Operations
Biennial Budget - FY 07 & FY 08

	Audited Actual FY 04[#]	Audited Actual FY 05[#]	Mid-Biennium Budget FY 06	Budget FY 07	Budget FY 08
Beginning fund equity	\$ 14,600,718	\$ 16,489,643	\$ 18,325,580	\$ 18,707,529	\$ 19,184,798
Revenues	5,543,200	5,732,141	5,881,854	6,330,000	\$ 6,510,250
Sewer lines contributed by developers	900,675	979,578	900,000	921,000	948,000
Total revenues & other sources	6,443,875	6,711,719	6,781,854	7,251,000	7,458,250
Expenses	4,434,526	4,753,075	5,705,206	6,259,865	6,597,547
Capital outlays	-	-	248,333	107,500	283,333
Principal Debt Payments	-	-	440,000	460,000	475,000
Other financing uses (transfers)	120,424	122,707	821,366	821,366	821,366
Less: depreciation expense ⁺	-	-	(815,000)	(875,000)	(875,000)
Total expenses and transfers	4,554,950	4,875,782	6,399,905	6,773,731	7,302,246
Excess (deficit) of revenues and other sources over expenses, and transfers out	1,888,925	1,835,937	381,949	477,269	156,004
Ending fund equity [^]	\$ 16,489,643	\$ 18,325,580	\$ 18,707,529	\$ 19,184,798	\$ 19,340,802



[#] FY 2004 and FY 2005 amounts are reported on the full-accrual basis (capital assets are capitalized and expensed through depreciation and principal debt pymts are a reduction of liabilities). The budget is prepared on a modified accrual basis, including depreciation, capital outlays, and principal debt payments.

⁺ Depreciation is a non-cash expense. Increases in depreciation are attributable to the expansion and upgrade of the sewer treatment plant and on-going expansions of the sewer collector system.

[^] Ending fund equity amounts for FY 06, FY 07 and FY 08 are projected amounts.

City of Auburn
Overview of Sewer Fund
Biennial Budget - FY 07 & FY 08

	Sewer^
Audited fund equity, 9.30.05	\$ 18,325,580
FY 06 Actual revenues*	8,281,204
FY 06 Actual expenses*	<u>6,332,309</u>
Actual fund equity, 9.30.06*	20,274,475
FY 07 Budget	
Revenues	
Charges for services	5,267,000
Other revenues	<u>1,984,000</u>
<i>Total revenues</i>	<u>7,251,000</u>
Other financing sources	
Debt proceeds	-
Transfers from other funds	<u>-</u>
Total resources available	27,525,475
Expenses	
Sewer	1,853,834
Watershed	309,201
General operations^	1,896,737
Debt service	<u>1,892,593</u>
<i>Total expenses</i>	<u>5,952,365</u>
Other financing uses	
Transfers to other funds	<u>821,366</u>
Total resources used	6,773,731
Projected fund equity, 9.30.07	20,751,744
FY 08 Budget	
Revenues	
Charges for services	5,425,000
Other revenues	<u>2,033,250</u>
<i>Total revenues</i>	<u>7,458,250</u>
Other financing sources	
Debt proceeds	-
Transfers from other funds	<u>-</u>
Total resources available	28,209,994
Expenses	
Sewer	2,097,886
Watershed	278,609
General operations^	1,949,000
Debt service	<u>2,155,385</u>
<i>Total expenses</i>	<u>6,480,880</u>
Other financing uses	
Transfers to other funds	<u>821,366</u>
Total resources used	7,302,246
Projected fund equity, 9.30.08	\$ 20,907,748

* Unaudited

^ Sewer Fund expenses exclude depreciation

City of Auburn

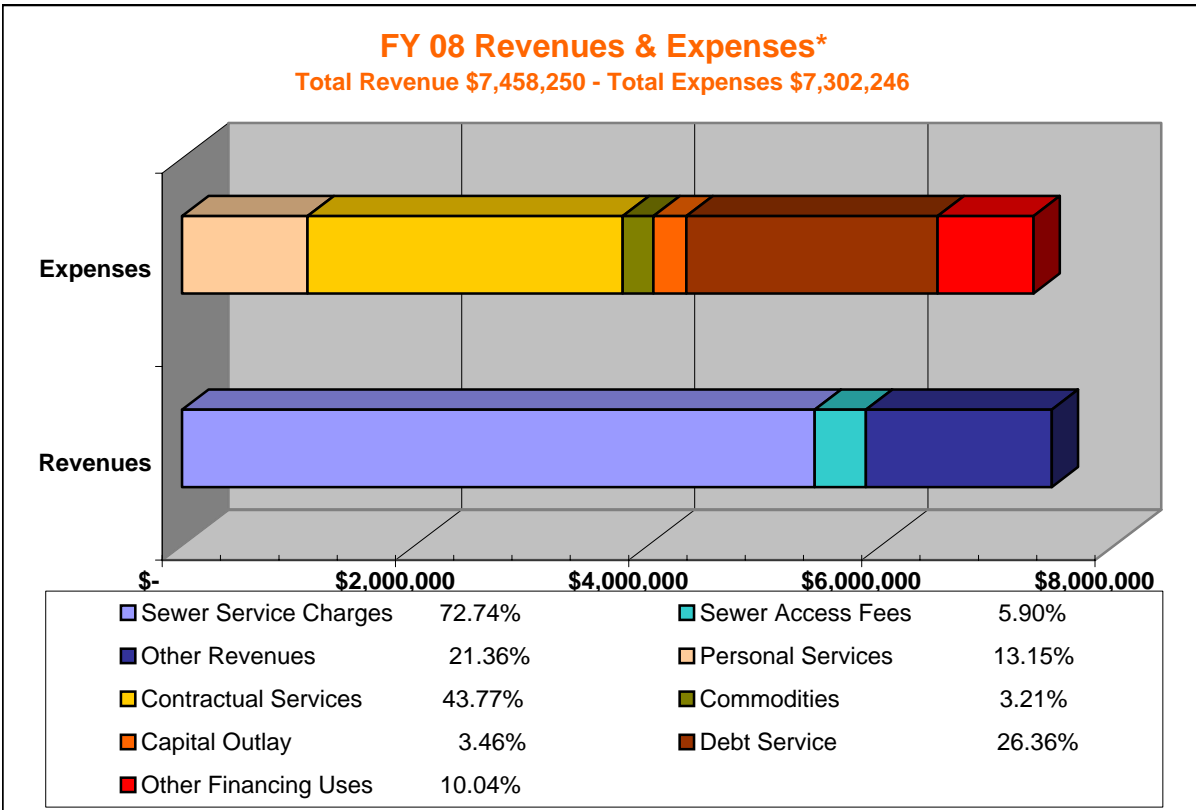
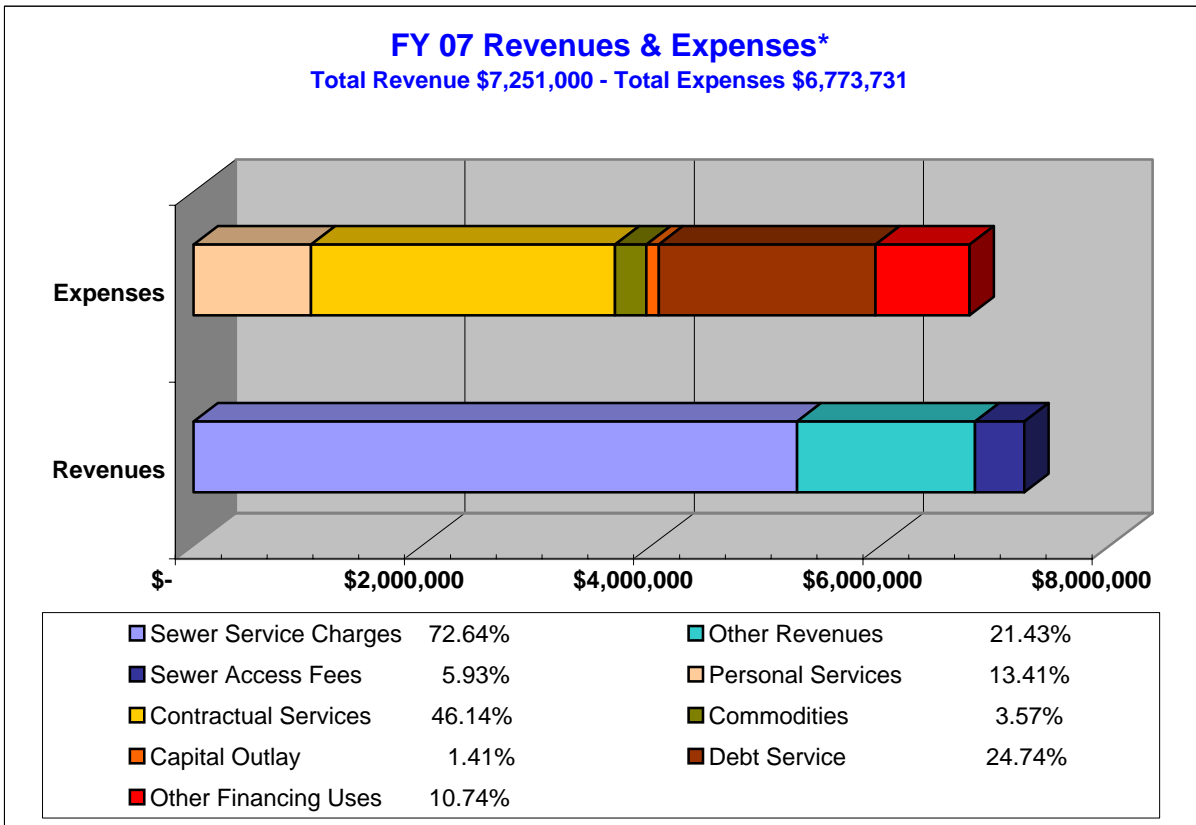
Comparative Revenue, Expenditures, and Changes in Fund Balances

Sewer Revenue Fund						
	Budgeted		Actual*	Actual (Audited)*		Five Year Percent Change
	FY 08	FY 07	(Unaudited) FY 06	FY 05	FY 04	
Revenues:						
Sewer service fees	\$ 5,425,000	\$ 5,267,000	5,398,454	4,921,638	4,902,114	7.4%
Sewer access fees	440,000	430,000	440,525	337,170	305,691	40.7%
Sewer Penalties	72,000	70,000	63,839	-	-	n/a
Tapping fees	5,000	5,000	2,280	3,250	5,086	-1.7%
Sewer Surcharge	48,000	47,000	32,679	-	-	n/a
Miscellaneous revenue	5,000	5,000	140	9,417	10,500	-52.4%
Investment Interest	227,000	226,000	430,573	242,610	319,809	-29.3%
Sale of Surplus Assets	5,000	5,000	18,895	-	-	n/a
Reimbursements & contributions	1,231,250	1,196,000	1,893,819	979,578	900,675	32.8%
Total revenues	7,458,250	7,251,000	8,281,204	6,493,663	6,443,875	12.5%
Other financing sources (OFS):						
Transfers from other funds	-	-	-	218,056	-	n/a
Total revenues and OFS	7,458,250	7,251,000	8,281,204	6,711,719	6,443,875	12.5%
Expenditures:						
Sewer Maintenance	2,097,886	1,853,834	1,559,591	1,394,911	754,041	145.9%
Watershed Management	278,609	309,201	180,826	-	-	n/a
General Operations	1,949,000	1,896,737	2,963,452	2,077,766	2,275,536	-16.6%
Debt Service	2,155,385	1,892,593	1,474,619	1,280,398	1,404,949	34.7%
Total expenditures	6,480,880	5,952,365	6,178,488	4,753,075	4,434,526	34.2%
Other financing uses (OFU):						
Transfers to other funds	821,366	821,366	153,821	122,707	120,424	582.1%
Total expenditures and OFU	7,302,246	6,773,731	6,332,309	4,875,782	4,554,950	48.7%
Excess of revenue and other sources over expenditures and other uses	156,004	477,269	1,948,895	1,835,937	1,888,925	-74.7%
Fund equity, beginning of year	20,751,744	20,274,475	18,325,580	16,489,643	14,600,718	38.9%
Fund equity, end of year	\$ 20,907,748	\$ 20,751,744	\$ 20,274,475	\$ 18,325,580	\$ 16,489,643	25.8%

*Amounts are reported on the full-accrual basis (capital assets are capitalized and expensed through depreciation and principal debt payments are a reduction of liabilities). The budget is prepared on a modified accrual basis, including depreciation, capital outlays, and principal debt payments.

Beginning and ending fund equities for budgeted years have been updated from the budget ordinance to reflect unaudited ending fund equities at September 30, 2006.

The City of Auburn
Sewer Fund - Biennial Budget - FY 07 & FY 08
Summary of Revenues by Source and Expenses by Category



* Expenses do not include depreciation.

**City of Auburn
Sewer Fund History**

Source: CAFRS (includes all sewer funds, consolidated)

	Fiscal Years (audited)							Increase 05 > 99		
	1999	2000	2001	2002	2003	2004	2005	Amount	As %	Avg % per yr
Operating revenues	\$ 4,632,801	\$ 4,963,178	\$ 4,523,105	\$ 4,869,300	\$ 5,113,315	\$ 5,223,391	\$ 5,271,475	\$ 638,674	13.8%	2.3%
Operating expenses	4,445,832	4,652,636	4,469,225	2,879,774	3,005,488	3,029,577	3,472,667	(973,165)	-21.9%	-3.6%
Operating income (loss)	186,969	310,542	53,880	1,989,526	2,107,827	2,193,814	1,798,808	1,611,839	862.1%	143.7%
Nonoperating revenues (exps)										
Gain (loss) on disposal of assets		(6,231)	-	(111)	(2,255)	-				
Interest earned	26,814	43,384	39,808	372,221	351,152	319,809	242,610	215,796	804.8%	134.1%
Interest and fiscal charges	-	(8,338)	(142,525)	(1,512,041)	(1,481,603)	(1,404,949)	(1,280,398)	(1,280,398)	n/a	n/a
Total nonoperating	26,814	28,815	(102,717)	(1,139,931)	(1,132,706)	(1,085,140)	(1,037,788)	(1,064,602)	-3970.3%	-661.7%
Income before trsfrs & cap contrns	213,783	339,357	(48,837)	849,595	975,121	1,108,674	761,020	547,237	256.0%	42.7%
Transfers in										
Transfers out	(83,965)	(71,250)	(71,250)	(71,250)	(111,910)	(120,424)	(122,707)	218,056	n/a	n/a
Capital contributions from developers*	835,000	532,440	504,310	788,275	921,575	900,675	979,578	(38,742)	46.1%	7.7%
Change in fund equity	751,035	800,547	384,223	1,566,620	1,784,786	1,888,925	1,835,947	1,084,912	144.5%	24.1%
Residual equity transfer in (out)			7,709							
Prior period adjustment					(17,874)					
Fund equity, beginning^	9,296,177	10,047,212	10,875,252	11,267,185	12,833,805	14,600,718	16,489,643	7,193,466	77.4%	12.9%
Net assets, ending	10,047,212	10,847,759	11,267,184	12,833,805	14,600,717	16,489,643	18,325,590	8,278,378	82.4%	13.7%
Cash flows -										
Operations	454,652	579,954	605,648	2,695,965	3,267,160	2,801,172	2,488,419	2,033,767	447.3%	74.6%
Noncapital financing	136,444	(327,941)	(133,093)	(71,250)	(118,057)	(114,277)	(111,594)	(248,038)	-181.8%	-30.3%
Capital and related	(276,839)	(290,980)	9,495,538	(2,274,882)	(3,131,772)	(7,861,851)	(2,383,771)	(2,106,932)	761.1%	126.8%
Investing	32,372	43,384	39,808	(196,031)	(365,475)	(470,011)	(527,859)	(560,231)	-1730.6%	-288.4%
Net increase (decrease) in cash	346,629	4,417	10,007,901	153,802	(348,144)	(5,644,967)	(534,805)	(881,434)	-254.3%	-42.4%
Beginning cash & equivalents	934,551	1,281,180	1,285,597	11,293,498	11,447,300	11,099,156	5,454,189	4,519,638	483.6%	80.6%
Ending cash & equivalents	\$ 1,281,180	\$ 1,285,597	\$ 11,293,498	\$ 11,447,300	\$ 11,099,156	\$ 5,454,189	\$ 4,919,384	\$ 3,638,204	284.0%	47.3%

* Capital contributions from developers were not accounted for in the operating statement in FY 99 and 00; accounting treatment changed for consistency of comparison

^ Beginning net assets calculated from ending net assets in FY 99 and 00, which operating statements reflected changes in retained earnings.

City of Auburn

Sewer Fund Projections

Financial projections are based on assumptions and are subject to continuous change as actual revenue and expense information is updated and assumptions revised. These projections do not include the effect of any borrowings or any rate increases beyond those already approved.

	Unaudited 2006	Budgeted		% Increases		Projected					
		2007	2008	Hist'l	Proj'n	2009	2010	2011	2012	2013	2014
Operating revenues	6,158,185	6,104,000	6,283,250	2.3%	1.5%	6,377,499	6,473,161	6,570,259	6,668,813	6,768,845	6,870,377
Operating expenses	4,696,566	4,827,272	4,917,162	-3.6%	3.0%	5,064,677	5,216,617	5,373,116	5,534,309	5,700,338	5,871,349
Operating income (loss)	1,461,619	1,276,728	1,366,088			1,312,822	1,256,544	1,197,143	1,134,503	1,068,506	999,029
Nonoperating revenues (exps)	18,895	-	-			-	-	-	-	-	-
Gain (loss) on disposal of assets	364,959	226,000	227,000	134.1%	5.0%	238,350	250,268	262,781	275,920	289,716	304,202
Interest earned	(1,034,619)	(1,339,333)	(1,481,615)	amort'n sched		(1,382,407)	(1,343,394)	(1,304,697)	(1,263,621)	(955,097)	(895,399)
Interest and fiscal charges	(650,765)	(1,113,333)	(1,254,615)			(1,144,057)	(1,093,127)	(1,041,916)	(987,701)	(665,381)	(591,197)
Total nonoperating	810,854	163,395	111,473			168,765	163,418	155,227	146,802	403,125	407,832
Income before trsfers & cap contrns	-	(153,822)	(148,848)	7.7%	3.0%	(153,313)	(157,913)	(162,650)	(167,530)	(172,556)	(177,732)
Transfers in	-	921,000	948,000	2.9%	1.0%	957,480	967,055	976,725	986,493	996,358	1,006,321
Transfers out	-	(148,848)	(148,848)			-	-	-	-	-	-
Capital contributions from developers	2,388,897	935,547	910,625			972,931	972,560	969,302	965,765	1,226,927	1,236,420
Change in net assets	4,919,384	7,308,281	8,243,828			9,154,453	10,127,384	11,099,944	12,069,246	13,035,011	14,261,938
Net assets, beginning*	7,308,281	8,243,828	9,154,453			10,127,384	11,099,944	12,069,246	13,035,011	14,261,938	15,498,359
Net assets, ending*											

* Net assets updated to reflect unaudited ending net assets at September 30, 2006