

General Fund Summary of Sources and Uses	2014			2013	2014 YTD Budget vs. Actual	
	Annual Budget	YTD Budget	YTD Actual	YTD Actual	Favorable (Unfavorable) Amount	Percentage
Operating Revenues						
Property Tax	15,699,417	8,212,400	8,345,532	7,554,840	133,132	1.6 %
Sales Tax	13,048,552	6,222,600	6,720,176	6,022,742	497,576	8.0 %
Sales Tax - Annexation Credit	1,404,590	661,700	886,979	800,828	225,279	34.0 %
Criminal Justice Sales Tax	1,231,185	587,400	791,944	726,619	204,544	34.8 %
Brokered Natural Gas Tax	303,008	197,400	174,971	172,730	(22,429)	(11.4) %
City Utilities Tax	3,203,673	1,549,300	1,683,352	1,656,266	134,052	8.7 %
Admissions Tax	365,427	145,400	133,624	130,125	(11,776)	(8.1) %
Electric Tax	3,373,905	1,828,100	1,901,539	1,764,812	73,439	4.0 %
Natural Gas Tax	1,213,919	809,600	786,907	686,121	(22,693)	(2.8) %
Cable TV Franchise Fee	816,000	403,500	441,481	423,065	37,981	9.4 %
Cable TV Franchise Fee - Capital	62,310	31,300	31,598	31,530	298	1.0 %
Telephone Tax	2,042,737	988,000	916,112	868,991	(71,888)	(7.3) %
Garbage Tax (external)	96,261	48,800	52,926	49,279	4,126	8.5 %
Leasehold Excise Tax	50,754	25,800	17,649	19,045	(8,151)	(31.6) %
Gambling Excise Tax	<u>250,237</u>	<u>129,900</u>	<u>137,999</u>	<u>138,630</u>	<u>8,099</u>	<u>6.2 %</u>
Taxes sub-total	43,161,975	21,841,200	23,022,789	21,045,624	1,181,589	5.4 %
Business License Fees	203,015	97,400	94,037	103,077	(3,364)	(3.5) %
Building Permits	1,169,160	563,600	833,282	1,305,734	269,682	47.8 %
Other Licenses & Permits	528,072	237,400	327,199	346,490	89,799	37.8 %
Intergovernmental (Grants, etc.)	5,087,759	2,386,736	2,377,371	2,374,040	(9,365)	(0.4) %
Charges for Services:						
General Government Services	94,783	47,500	64,122	51,839	16,622	35.0 %
Public Safety	17,351	10,300	287,781	13,615	277,481	2694.0 %
Development Services Fees	738,881	353,100	638,333	678,789	285,233	80.8 %
Culture and Recreation - (1)	2,047,549	1,022,400	1,110,564	494,260	88,164	8.6 %
Fines and Forfeits	<u>1,562,575</u>	<u>830,300</u>	<u>758,806</u>	<u>742,761</u>	<u>(71,494)</u>	<u>(8.6) %</u>
Fees/Charges/Fines sub-total	11,449,145	5,548,736	6,491,494	6,110,604	942,758	17.0 %
Interests and Other Earnings	42,230	21,700	18,714	23,920	(2,986)	(13.8) %
Rents, Leases and Concessions - (1)	543,150	295,400	371,808	184,868	76,408	25.9 %
Contributions and Donations	30,000	14,600	25,789	27,509	11,189	76.6 %
Other Miscellaneous - (1)	113,200	45,300	68,888	33,177	23,588	52.1 %
Transfers In	92,000	92,000	121,097	193,548	29,097	31.6 %
Insurance Recoveries - Capital & Operating	<u>25,000</u>	<u>12,600</u>	<u>40,229</u>	<u>56,042</u>	<u>27,629</u>	<u>219.3 %</u>
Other Revenues sub-total	845,580	481,600	646,526	519,064	164,926	34.2 %
Total Operating Revenues	55,456,700	27,871,536	30,160,808	27,675,292	2,289,272	8.2 %
Operating Expenditures						
Council & Mayor	718,926	350,668	381,106	504,870	(30,438)	(8.7) %
Administrative Services	828,034	414,017	327,627	0	86,389	20.9 %
Community & Human Services	1,379,335	746,500	443,788	501,722	302,712	40.6 %
Municipal Court & Probation	1,870,966	129,784	85,577	184,008	44,207	34.1 %
Human Resources	1,557,163	738,500	642,027	690,245	96,473	13.1 %
Finance	1,369,895	694,000	567,757	601,115	126,243	18.2 %
City Attorney	1,880,945	975,500	827,842	987,778	147,658	15.1 %
Community Development	4,069,107	2,040,626	1,880,297	1,894,189	160,329	7.9 %
Jail - SCORE	5,786,100	2,593,625	2,464,589	3,426,651	129,036	5.0 %
Police	21,238,447	10,344,100	9,965,305	9,240,696	378,795	3.7 %
Public Works	2,653,441	1,273,100	1,279,946	1,273,989	(6,846)	(0.5) %
Parks, Arts & Recreation - (1)	9,512,253	4,756,200	4,761,923	3,961,902	(5,723)	(0.1) %
Streets	3,295,760	1,427,600	1,469,914	1,279,550	(42,314)	(3.0) %
Non-Departmental	3,268,607	1,696,104	1,411,850	976,455	284,254	16.8 %
Total Operating Expenditures	59,428,978	28,180,323	26,509,549	25,523,173	1,670,774	5.9 %

(1) Through December 31, 2013, Golf Course revenues and expenditures were reported under Fund 437. Effective January 1, 2014, Golf Course revenues and expenditures are now reported in the General Fund (above). Therefore, when comparing 2014 General Fund actuals to prior year, it is important to recognize this change.

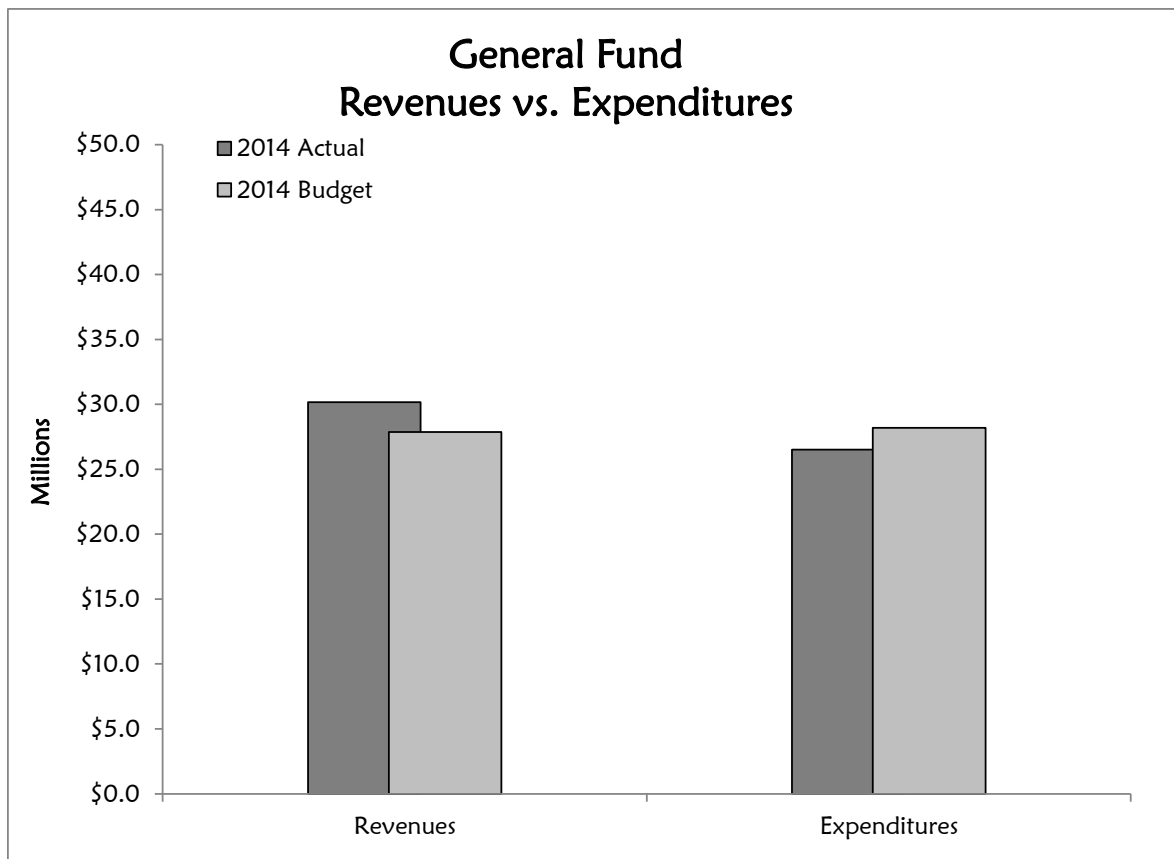
Overview

This financial overview reflects the City’s overall financial position for the fiscal period ending June 30, 2014 and represents financial data available as of July 29, 2014. The budgeted revenues and operating expenditures are primarily based on the collection/disbursement average for the same period of the two years prior.

Through the first half of 2014, General Fund revenues totaled \$30.2 million and compare to budget of \$27.9 million and previous year-to-date collections of \$27.7 million. Some highlights year to date include:

- Property Tax revenues totaled \$8.3 million and are in line with 2014 budget expectations of \$8.2 million.
- Sales Tax revenues totaled \$6.7 million and exceeds budget by 8.0% or \$498,000.
- Criminal Justice Sales Taxes and Sales Taxes from Annexation exceed budget expectations by \$430,000 through the second quarter of 2014.
- Fees/Charges/Fines totaled \$6.5 million and exceeds budget by \$943,000 primarily due to stronger than budgeted revenues from development activity.

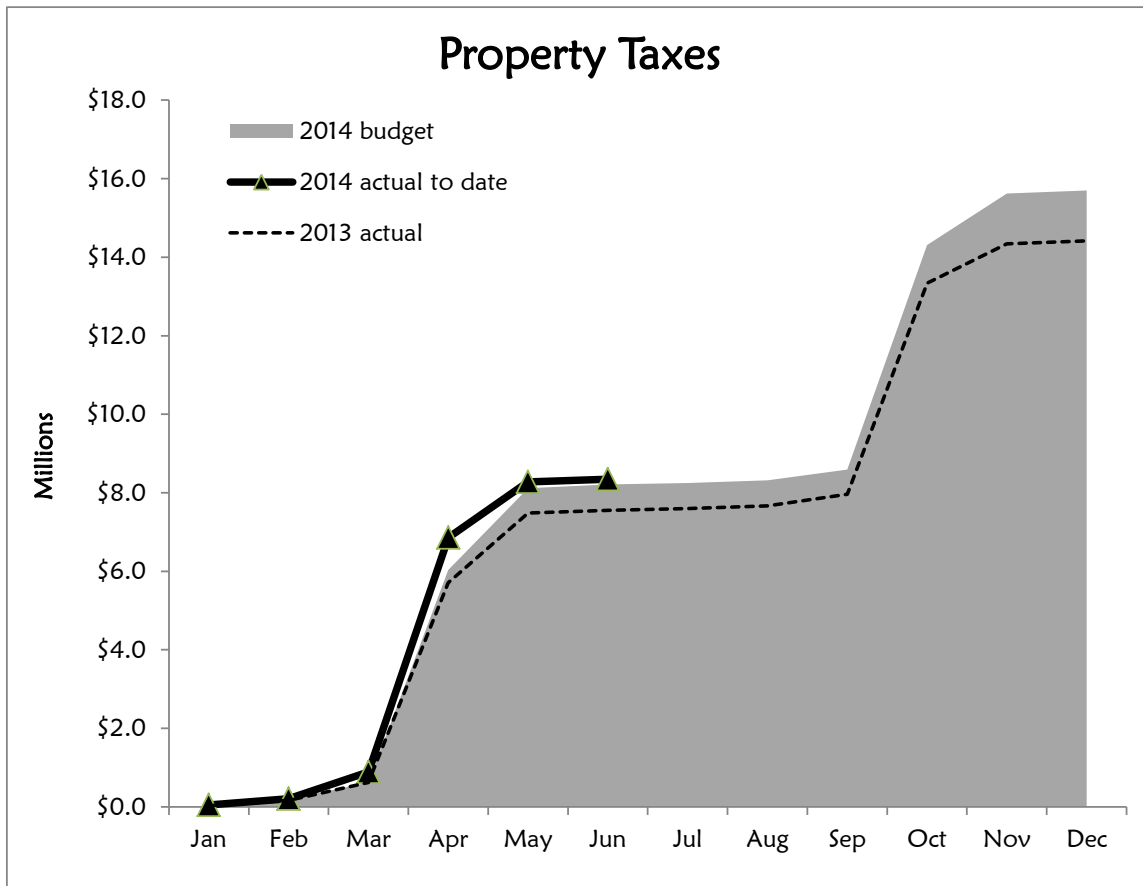
General Fund expenditures through the first half of 2014 totaled \$26.5 million and compare to budget of \$28.2 million. Due to an accounting change effective January 1, 2014 all revenues and expenditures related to the Auburn Golf Course are now reported under the General Fund. Therefore it is important to recognize this shift when comparing 2014 performance to prior year performance. After adjusting the Golf Course expenditures through June of 2013 in the amount of \$752,000, the year to date General Fund expenditures are running 1.0% higher than the same period the prior year.



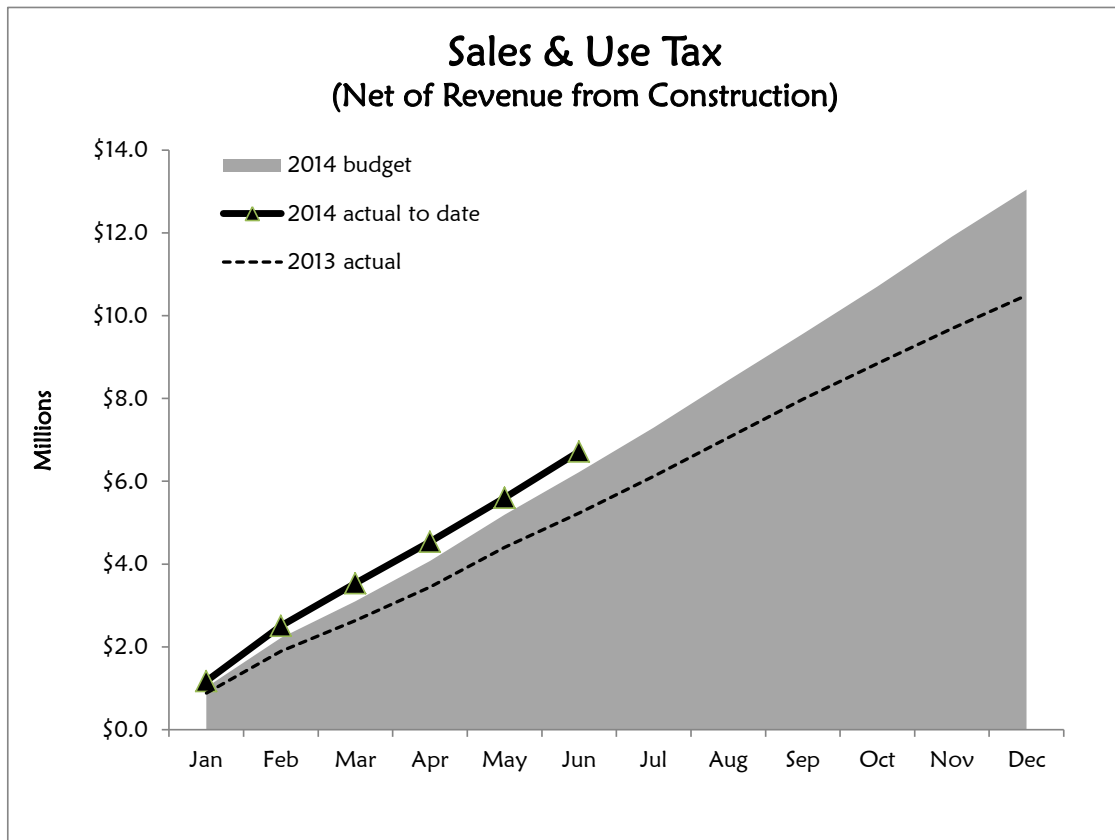
Revenues

The combined total of property tax, sales/use tax, utility tax, gambling, and admissions tax provide approximately 80% of all resources supporting general governmental activities. The following section provides additional information on these sources.

Property Tax collections to date totaled \$8.3 million and compare to budget of \$8.2 million and are in line with 2014 expectations due to the levy correction. The majority of property tax revenues are collected during the months of April and October, coinciding with the due dates for the County property tax billings.



Sales tax distributions Citywide totaled \$7.6 million of which \$6.7 million was distributed to the General Fund, and \$859,000 to the Local Street Fund (SOS) program.* Year to date Sales Tax revenue collections in the General Fund exceed budget expectations by \$498,000, or 8.0%.



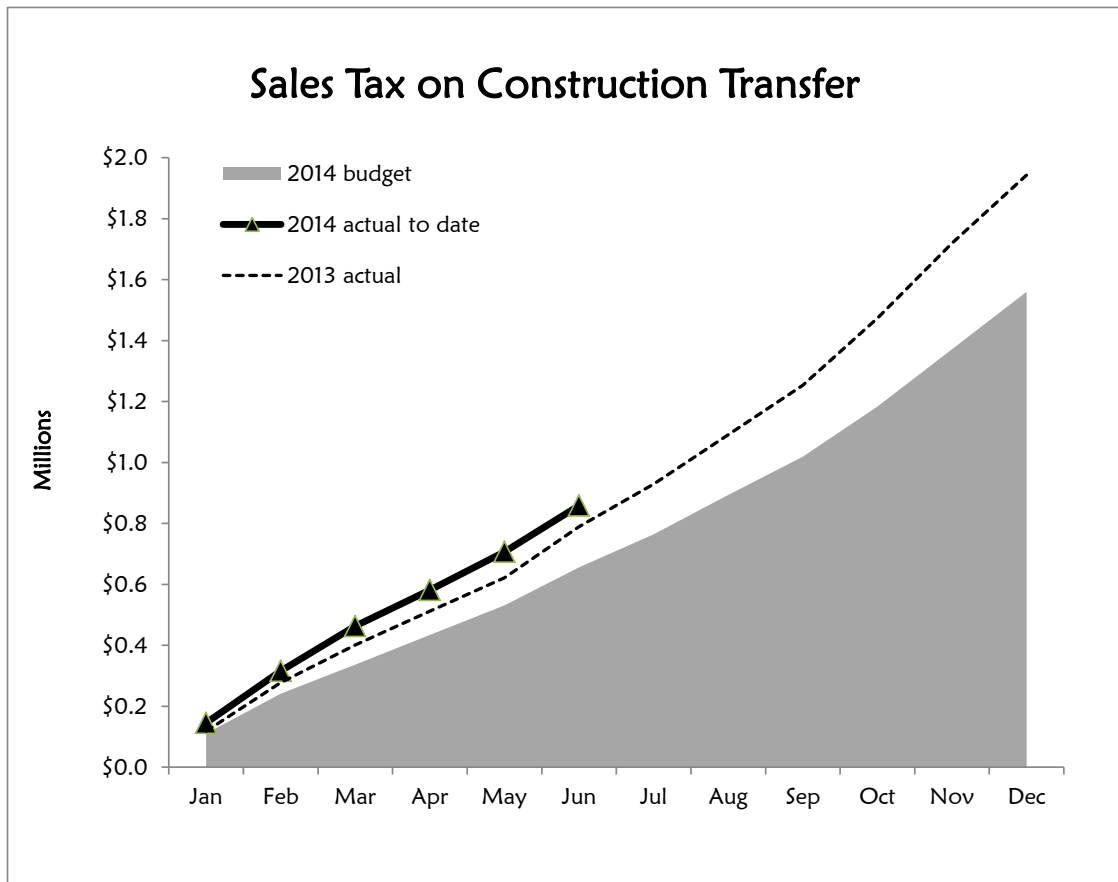
* Per 2013-2014 budget, Local Street Fund (Fund 103) street repairs are funded from sales taxes on construction. Total transferred in through Q2-2014 is \$858,847. The graphic above presents sales taxes under the current policy.

The following table breaks out the City’s base sales tax, excluding Criminal Justice, Annexation Credit and Streamlined Sales Tax Mitigation by major business sectors.

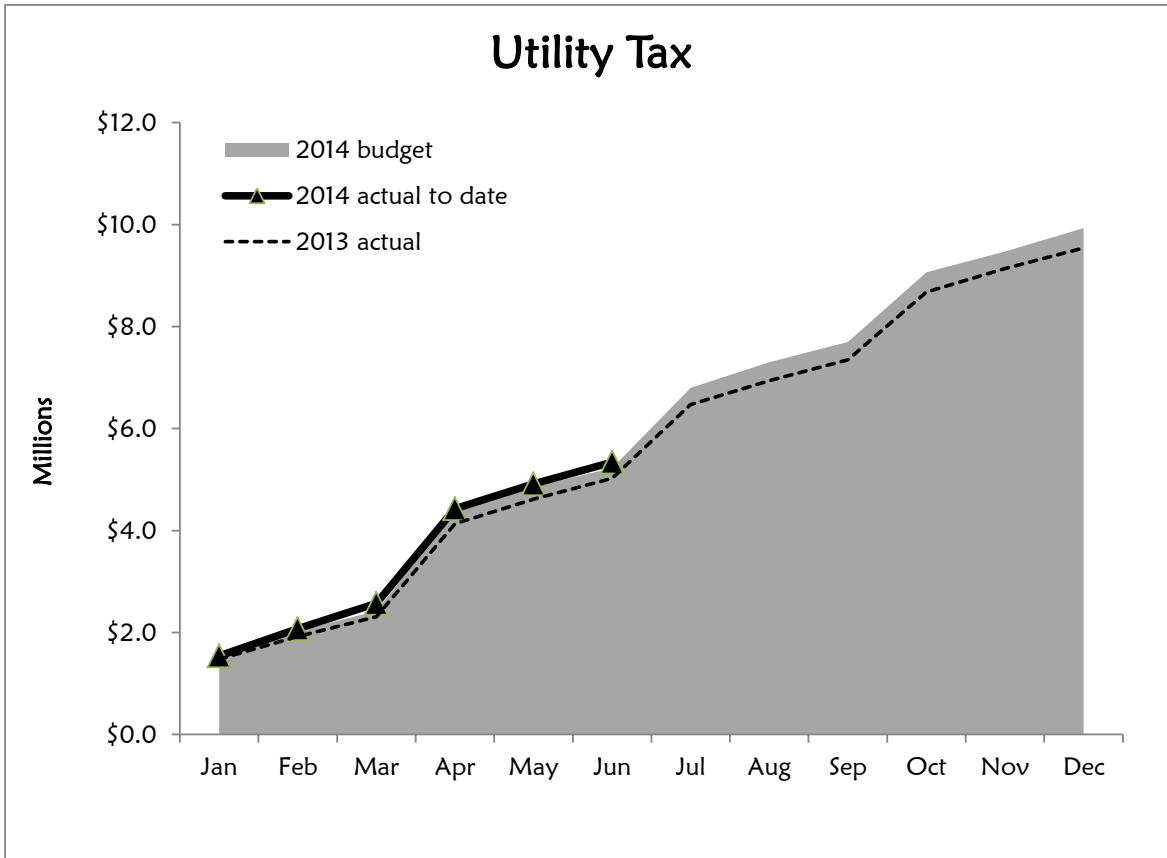
Comparison of Sales Tax Collections by SIC Group				
June-2014				
Component Group	2013 Actual	2014 Actual	Change from 2013	
			Amount	Percentage
Construction	789,208	858,847	69,639	8.8 %
Manufacturing	314,598	576,227	261,629	83.2 %
Transportation & Warehousing	18,193	19,651	1,458	8.0 %
Wholesale Trade	622,225	583,189	(39,036)	(6.3) %
Automotive	1,480,325	1,546,982	66,657	4.5 %
Retail Trade	2,085,198	2,315,684	230,486	11.1 %
Services	1,489,325	1,620,072	130,747	8.8 %
Miscellaneous	36,197	75,543	39,346	108.7 %
YTD Total	6,835,269	7,596,196	760,927	11.1 %

As shown on the prior page, sales tax revenues collected through the first half of 2014 exceed prior year collections by \$761,000. The areas showing the largest amount of increase in revenues compared to 2013 are in the manufacturing and retail trade categories.

Total sales tax revenue on construction, which is transferred to the Local Street Fund (Fund 103) for local street repair and maintenance, totals \$858,847 year to date and exceeds budget by \$203,000 reflecting increased commercial and residential construction activity throughout the City.



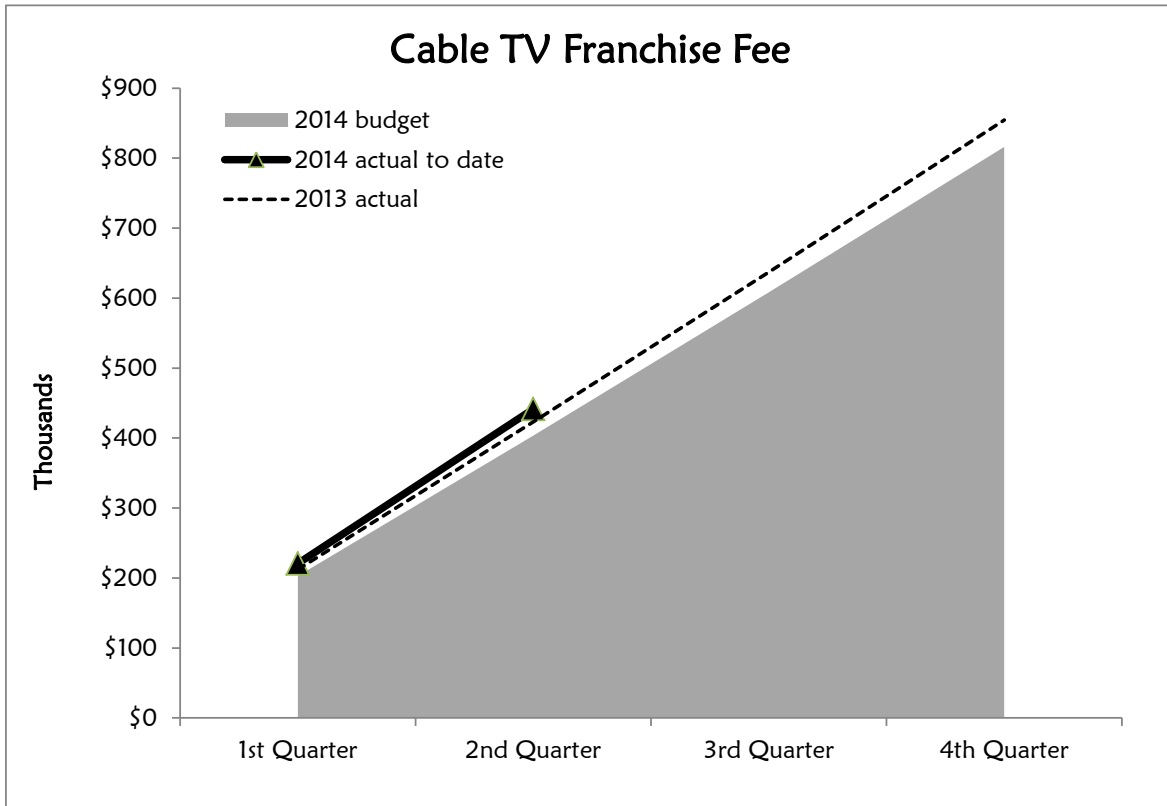
Utility Taxes consist of City interfund utility taxes (Water, Sewer, Storm and Solid Waste) and external utility taxes (Electric, Natural Gas, Telephone and Solid Waste). Utility taxes collected through the first half of 2014 totaled \$5.3 million and compare to \$5.0 million collected in the same period last year.



As shown in the table below, utility tax revenues year to date exceed budget expectations by \$117,000 or 2.2%.

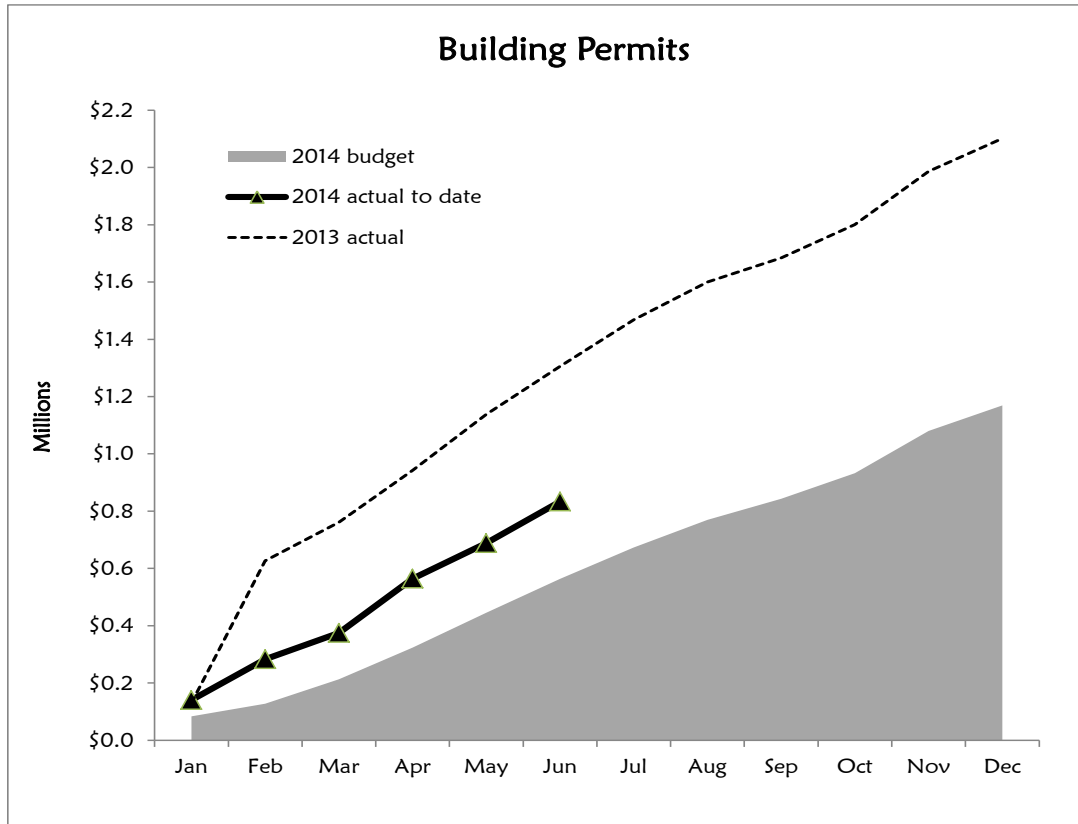
Utility Tax by Type June-2014							
Month	2013 Actual	2014 Budget	2014 Actual	2014 vs. 2013 Actual		2014 vs. Budget	
				Amount	Percentage	Amount	Percentage
City Interfund Utility Taxes	1,656,266	1,549,300	1,683,352	27,086	1.6 %	134,052	8.7 %
Electric	1,764,812	1,828,100	1,901,539	136,727	7.7 %	73,439	4.0 %
Natural Gas	686,121	809,600	786,907	100,786	14.7 %	(22,693)	(2.8) %
Telephone	868,991	988,000	916,112	47,121	5.4 %	(71,888)	(7.3) %
Solid Waste (external)	49,279	48,800	52,926	3,648	7.4 %	4,126	8.5 %
YTD Total	5,025,470	5,223,800	5,340,837	315,367	6.3 %	117,037	2.2 %

Cable TV Franchise Fees, which are collected quarterly, totaled \$442,000 and exceed budget by \$38,000 or 9.4%.



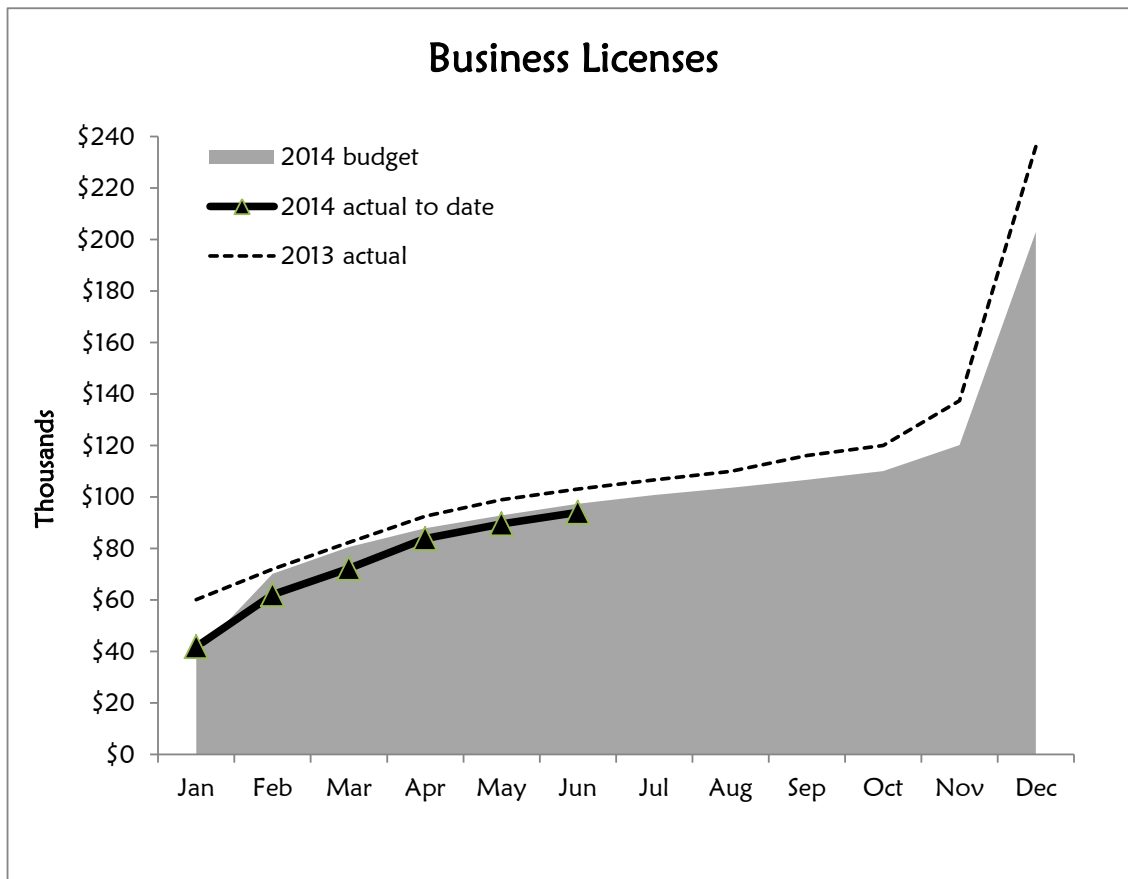
Licenses and Permits include business licenses, building permits, plumbing, electric and other licenses and permit fees. Building permit fees and business licenses make up 80% of the annual budgeted revenue in this category.

Total building permit revenues collected through June totaled \$833,000 and compare to budget of \$564,000. Building permits issued through June total 244 and compare to 302 during the same period last year. Major projects contributing to building permit revenues this quarter include building permits for projects at Boeing, building permits for the Green River Community College Trades Building, as well as numerous housing developments – most notably Lakeland Villas, Edgeview and Auburn 40 PUD.



Note: The spike seen in February 2013 (above) includes revenues for the Auburn High School Reconstruction and Modernization project.

Business License revenues collected through June totaled \$94,000, and compare to budget of \$97,000. The graphic on the following page reflects the timing of payments by business owners, where the majority of business license payments are collected during the first two months of the year and the last month of the year.



Intergovernmental includes Grants (Direct & Indirect Federal, State and Local), state shared revenues and compact revenue from the Muckleshoot Indian Tribe (MIT). Collections to date total \$2.4 million and are in line with budget expectations.

Intergovernmental June-2014							
Revenue	2013 Actual	2014 Budget	2014 Actual	2014 vs. 2013 Actual		2014 vs. Budget	
				Amount	% Change	Amount	% Change
Federal Grants	20,412	41,800	44,199	23,786	116.5 %	2,399	5.7 %
State Grants	77,756	122,200	25,319	(52,438)	(67.4) %	(96,881)	(79.3) %
Interlocal Grants	0	100	0	0	0.0 %	(100)	(100.0) %
State Shared Revenue	1,942,723	1,899,600	1,998,453	55,730	2.9 %	98,853	5.2 %
Muckleshoot Casino Emerg.	310,028	318,300	286,050	(23,978)	(7.7) %	(32,250)	(10.1) %
Intergovernmental Service	23,120	4,736	23,351	231	1.0 %	18,615	393.0 %
YTD Total	2,374,040	2,386,736	2,377,371	3,331	0.1 %	(9,365)	(0.4) %

State shared revenue includes \$988,422 in Streamlined Sales Tax Mitigation payments.

Charges for Services consists of general governmental services, public safety, development service fees and cultural & recreation fees. Overall, charges for services exceed budget by \$668,000 and prior year collections by \$862,000.

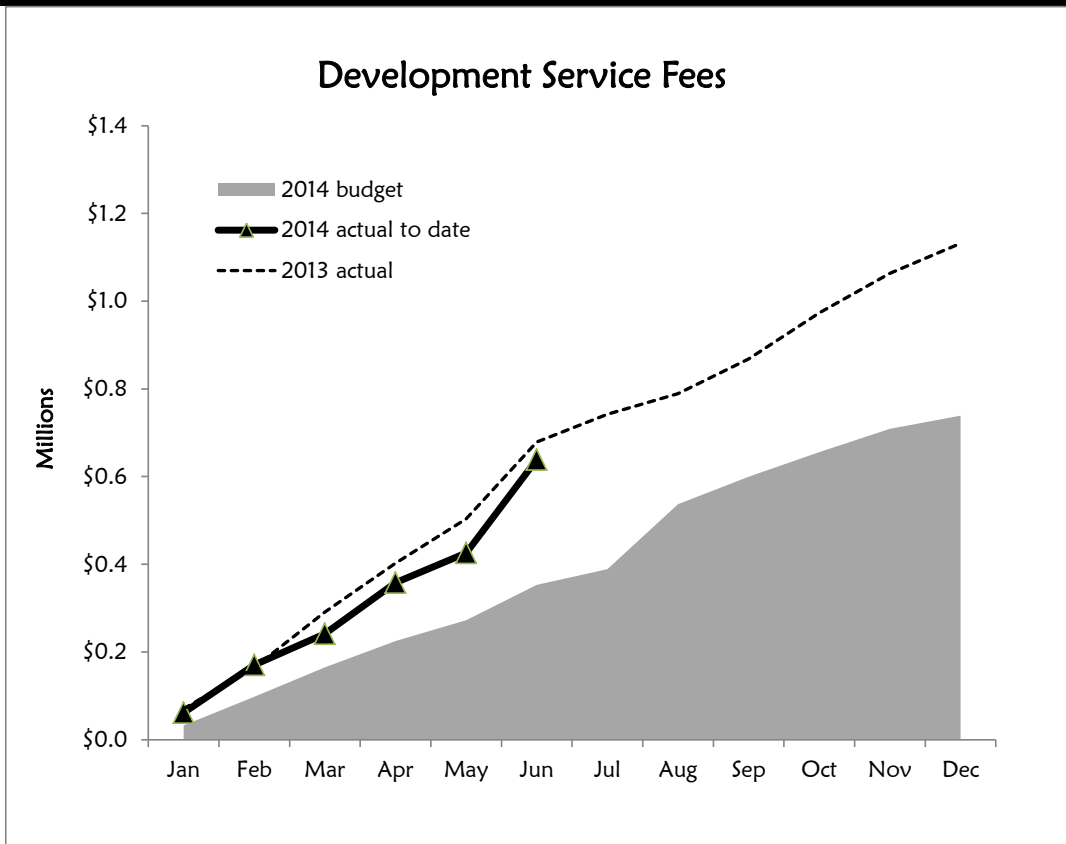
General Governmental revenues through Q2-2014 exceed year to date budget by \$12,000 – primarily due to timing of payments from local jurisdictions that contract services through the City of Auburn.

Public Safety revenues collected year to date total \$287,800 and compare to budget of \$10,300. Due to an accounting change, this revenue significantly exceeds budget. The budget for this category will be adjusted via the July 2014 Budget Amendment, which will be reflected on the Q3-2014 Financial Report. Public Safety revenues primarily consist of revenues generated for Police Officer extra duty overtime, where officers are contracted for services and reimbursement is made by the hiring contractor. Effective this quarter, the expenditures for Police Officer extra duty overtime are no longer netted against the revenues for this service.

Development service fee collections, which primarily consist of plan check fees, exceed budget by \$285,000 year to date. Total plan check fees collected in the second quarter of 2014 totaled \$305,000 and compare to \$263,000 collected in Q2 of the previous year. This quarters plan check revenues include fees related to several commercial and housing projects including a 247K square foot commercial building, various projects at Boeing, as well as a large addition to a local Senior Assisted Living Facility. Plan check revenues also include plans for several housing developments – most notably the Edgeview and Kendall Ridge housing developments.

Culture and recreation revenues exceed budget by \$88,000 or 8.6%, reflecting increased activity from recreational classes and City special events. A significant factor in the year over year increase seen in Culture and Recreation revenues is due to a change in accounting, where Golf Course revenues and expenditures are now reported within the General Fund. After taking this change into account, the change in Culture and Recreation revenues compared to the same period the prior year is an increase of \$63,000 year to date.

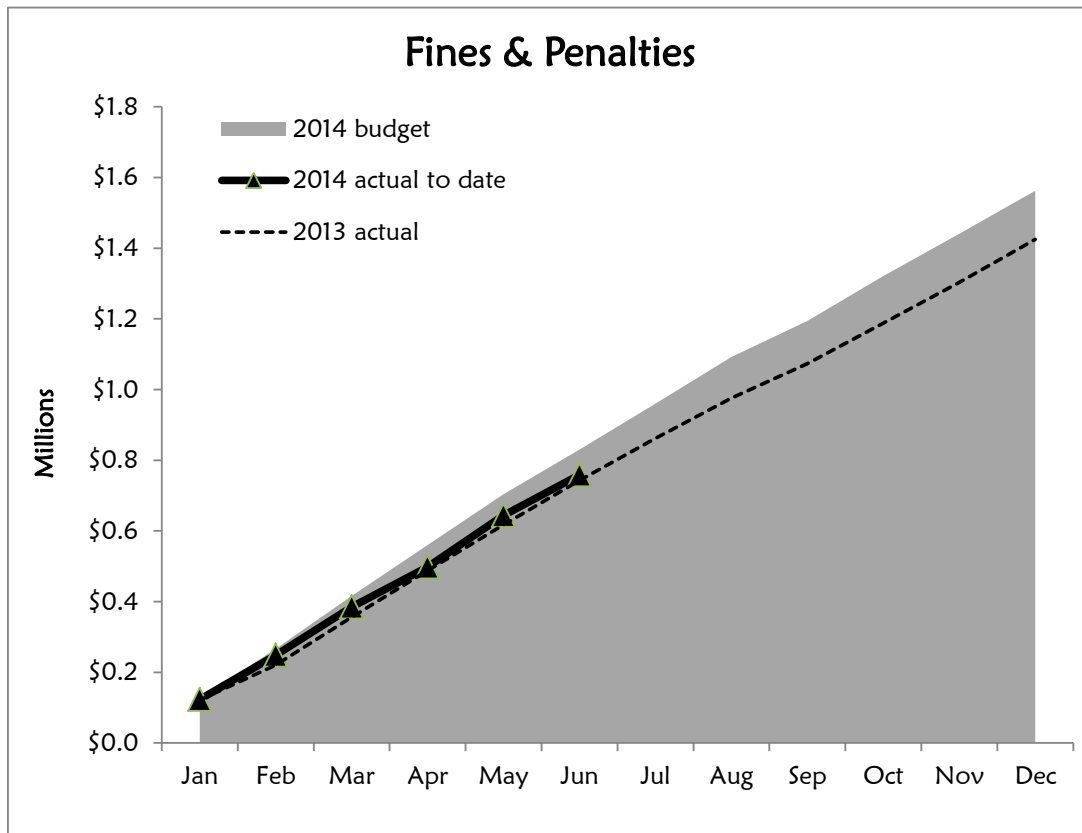
Charges for Services by Type							
June-2014							
Revenue	2013 Actual	2014 Budget	2014 Actual	2014 vs. 2013 Actual		2014 vs. Budget	
				Amount	Percentage	Amount	Percentage
General Government	51,839	47,500	64,122	12,283	23.7 %	16,622	35.0 %
Public Safety	13,615	10,300	287,781	274,166	2,013.7 %	277,481	2,694.0 %
Development Services	678,789	353,100	638,333	(40,457)	(6.0) %	285,233	80.8 %
Culture & Recreation	494,260	1,022,400	1,110,564	616,305	124.7 %	88,164	8.6 %
YTD Total	1,238,503	1,433,300	2,100,800	862,297	69.6 %	667,500	46.6 %

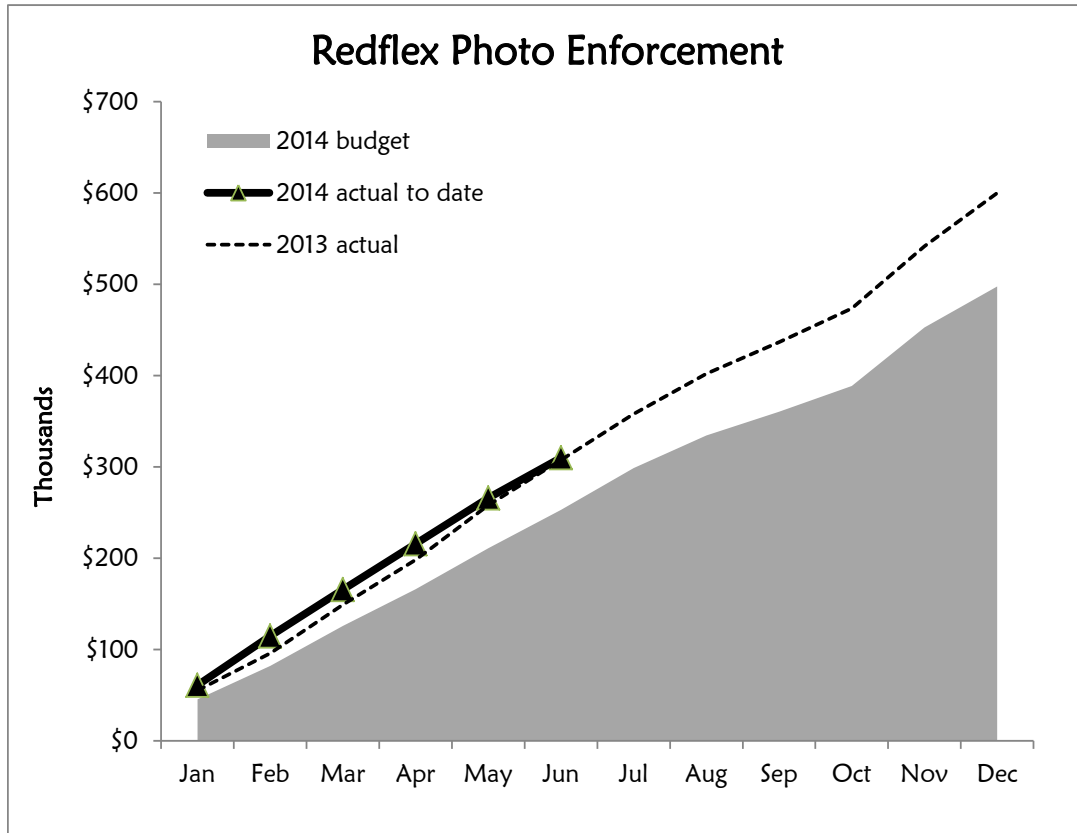


Note: The 2014 budget is considerably higher than 2013 actuals due to the accounting change effective January 1, 2014 where the Golf Course is now included in the General Fund.

Fines & Penalties include traffic and parking infraction penalties, Redflex photo enforcement violations, criminal fines (including criminal traffic, criminal non traffic and criminal costs) as well as non court fines such as false alarm and shopping cart fines. Total revenue collected to date is \$759,000 and compares to \$743,000 collected the same period last year.

Fines & Forfeits by Type							
June-2014							
Month	2013 Actual	2014 Budget	2014 Actual	2014 vs. 2013 Actual		2014 vs. Budget	
				Amount	Percentage	Amount	Percentage
Civil Penalties	10,805	8,100	8,469	(2,336)	(21.6) %	369	4.6 %
Civil Infraction Penalties	231,721	358,700	254,404	22,683	9.8 %	(104,296)	(29.1) %
Redflex Photo Enforcement	307,423	252,800	309,868	2,445	0.8 %	57,068	22.6 %
Parking Infractions	67,399	95,700	61,504	(5,896)	(8.7) %	(34,196)	(35.7) %
Criminal Traffic Misdemeanor	28,380	43,200	27,942	(438)	(1.5) %	(15,258)	(35.3) %
Criminal Non-Traffic Fines	31,223	49,700	22,893	(8,330)	(26.7) %	(26,807)	(53.9) %
Criminal Costs	12,795	6,000	27,585	14,790	115.6 %	21,585	359.8 %
Non-Court Fines & Penalties	53,015	16,100	46,141	(6,874)	(13.0) %	30,041	186.6 %
YE Total	742,761	830,300	758,806	16,045	2.2 %	(71,494)	(8.6) %



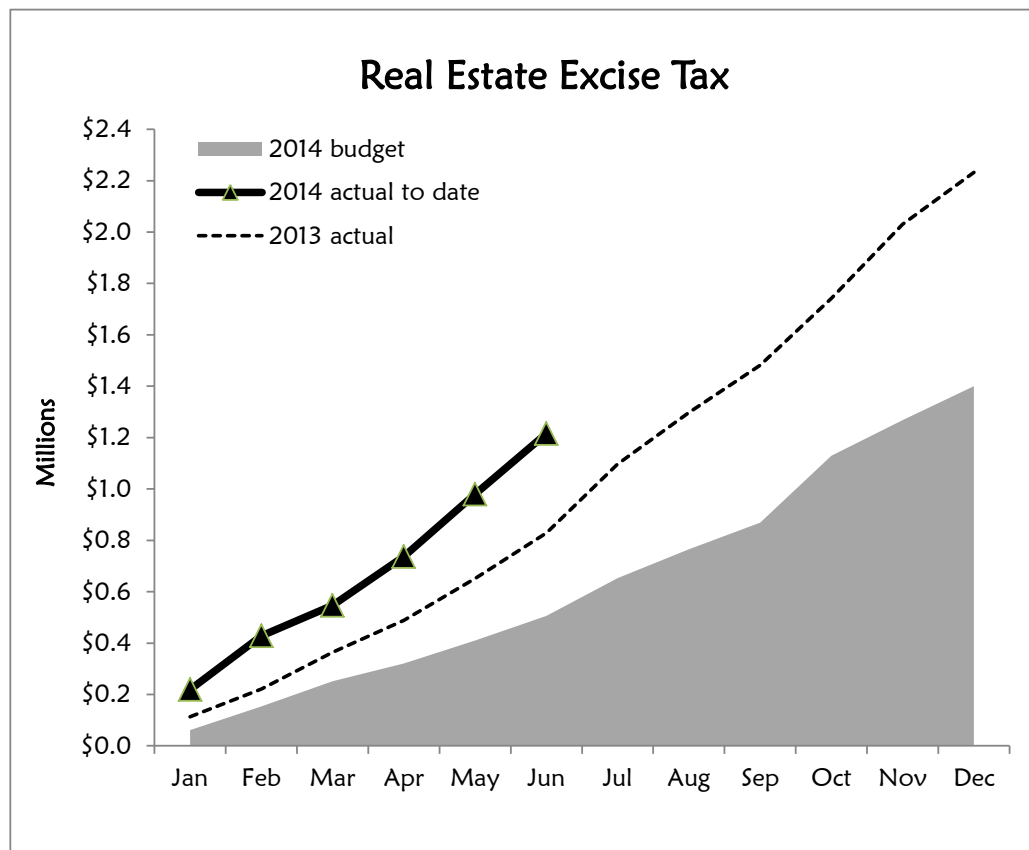


Miscellaneous revenues primarily consist of income from facility rentals; other sources within this category include investment earnings, contributions & donations and other miscellaneous income. Revenues in this category totaled \$485,000, and compare to budget of \$377,000. In comparing 2013 year to date actuals to 2014 year to date actuals, it is important to note that effective January 1, 2014 Golf Cart Rental revenues are now included in the General Fund and are collected in the Rents and Leases revenue category below.

Miscellaneous Revenues by Type							
June-2014							
Month	2013 Actual	2014 Budget	2014 Actual	2014 vs. 2013		2014 vs. Budget	
				Amount	Percentage	Amount	Percentage
Interest & Investments	23,920	21,700	18,714	(5,206)	(21.8) %	(2,986)	(13.8) %
Rents & Leases	184,868	295,400	371,808	186,940	101.1 %	76,408	25.9 %
Contributions & Donations	27,509	14,600	25,789	(1,719)	(6.3) %	11,189	76.6 %
Other Miscellaneous Revenue	33,177	45,300	68,888	35,711	107.6 %	23,588	52.1 %
YTD Total	269,474	377,000	485,200	215,726	80.1 %	108,200	28.7 %

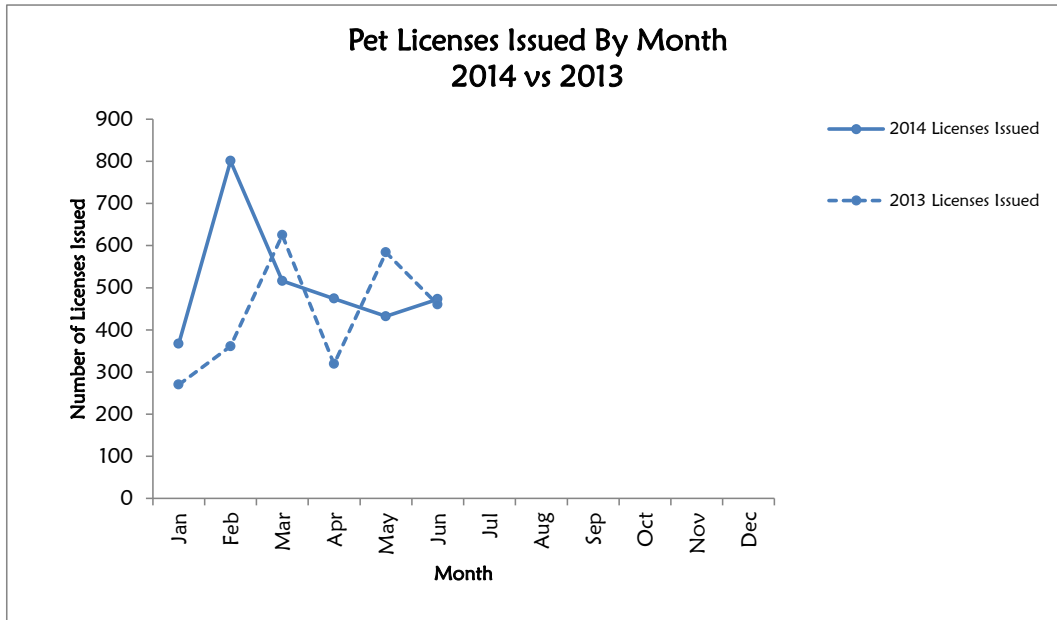
Real Estate Excise Tax (REET) revenue is receipted into the Capital Improvement Projects Fund and is used for governmental capital projects. Total revenue collected through June was \$1.1 million and exceeds budget and prior year actuals by \$610,000 and \$287,000 respectively, reflecting local and regional improvement in the real estate market.

Real Estate Excise Tax Revenues							
June-2014							
Month	2013 Actual	2014 Budget	2014 Actual	2014 vs. 2013		2014 vs. Budget	
				Amount	Percentage	Amount	Percentage
Jan	113,615	61,300	119,765	6,150	5.4 %	58,465	95.4 %
Feb	107,485	92,200	208,206	100,721	93.7 %	116,006	125.8 %
Mar	143,198	98,000	118,578	(24,620)	(17.2) %	20,578	21.0 %
Apr	124,445	69,100	189,771	65,325	52.5 %	120,671	174.6 %
May	162,750	89,400	243,472	80,721	49.6 %	154,072	172.3 %
Jun	177,380	95,800	236,067	58,688	33.1 %	140,267	146.4 %
Jul	267,976	147,100					
Aug	200,627	112,200					
Sep	183,507	103,600					
Oct	261,388	260,600					
Nov	287,776	138,600					
Dec	202,388	132,100					
YTD Total	828,873	505,800	1,115,859	286,986	34.6 %	610,059	120.6 %



Pet Licensing

Year-to-date, 3,063 pet licenses have been sold resulting in \$76,930 in revenue. For the same period in 2013, 2,619 licenses were sold resulting in \$77,295 in revenue.

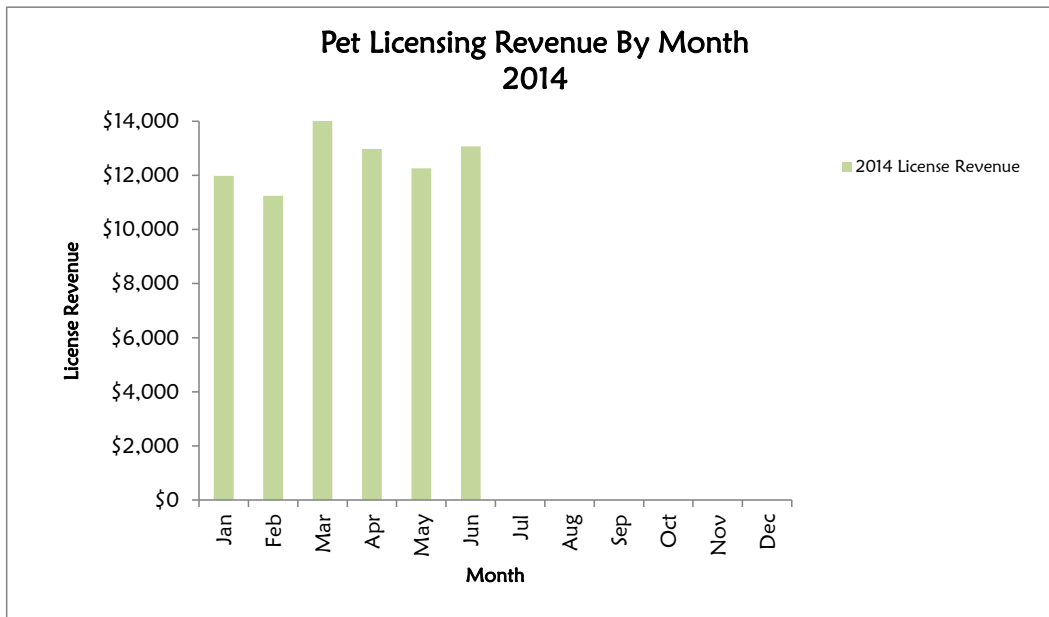


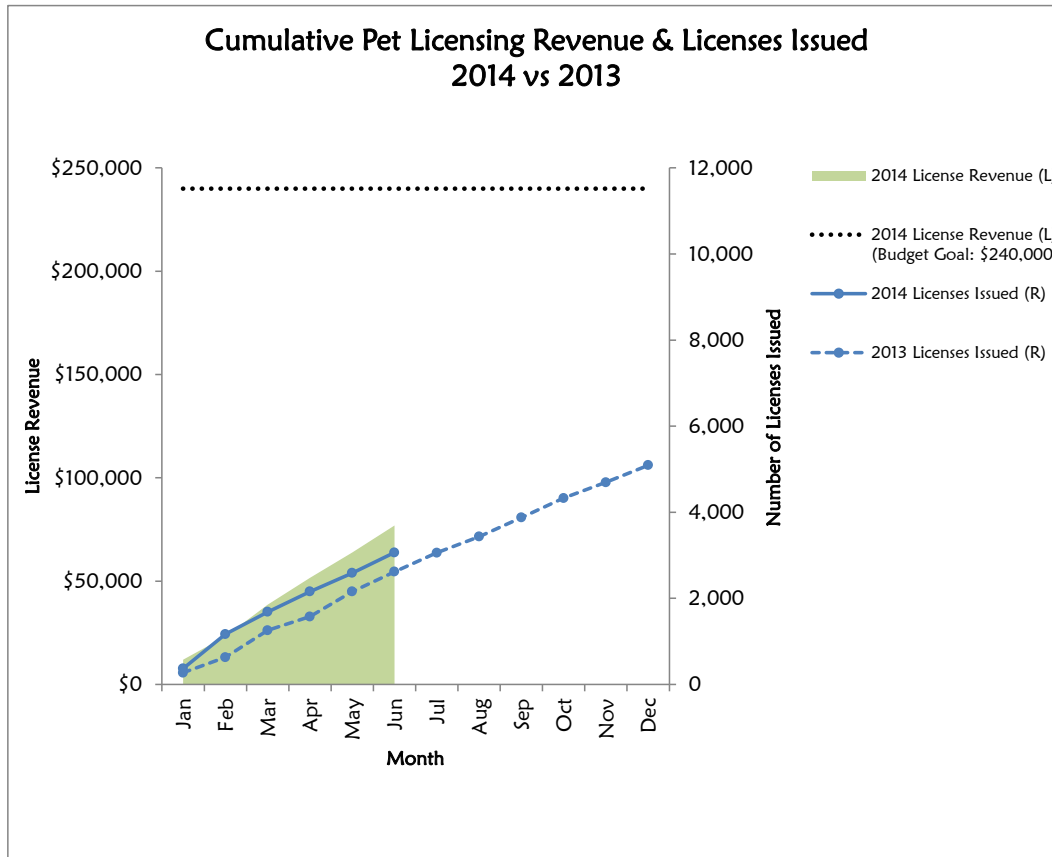
2014 Budget Goal: \$240,000 or more

Year-to-Date Revenue 2014 (through June) = \$76,930

Year-to-Date Licenses 2014 (through June) = 3,063

Year-to-Date Licenses 2013 (through June) = 2,619

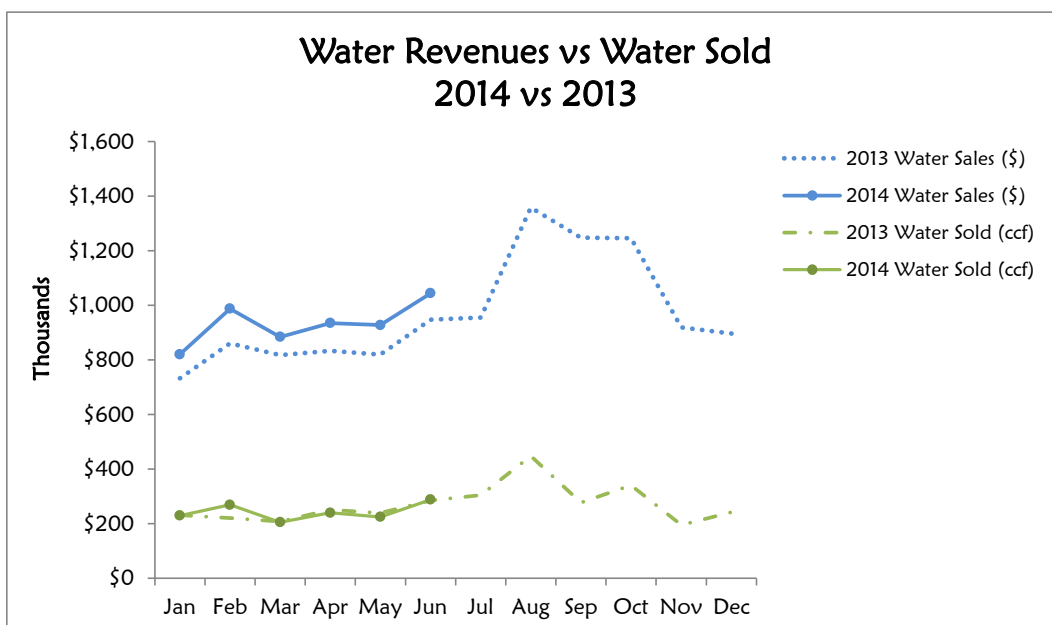




Enterprise Funds

The detailed Working Capital and Fund Balance statements for Enterprise and Internal Service funds can be found in the Appendix at the end of this report.

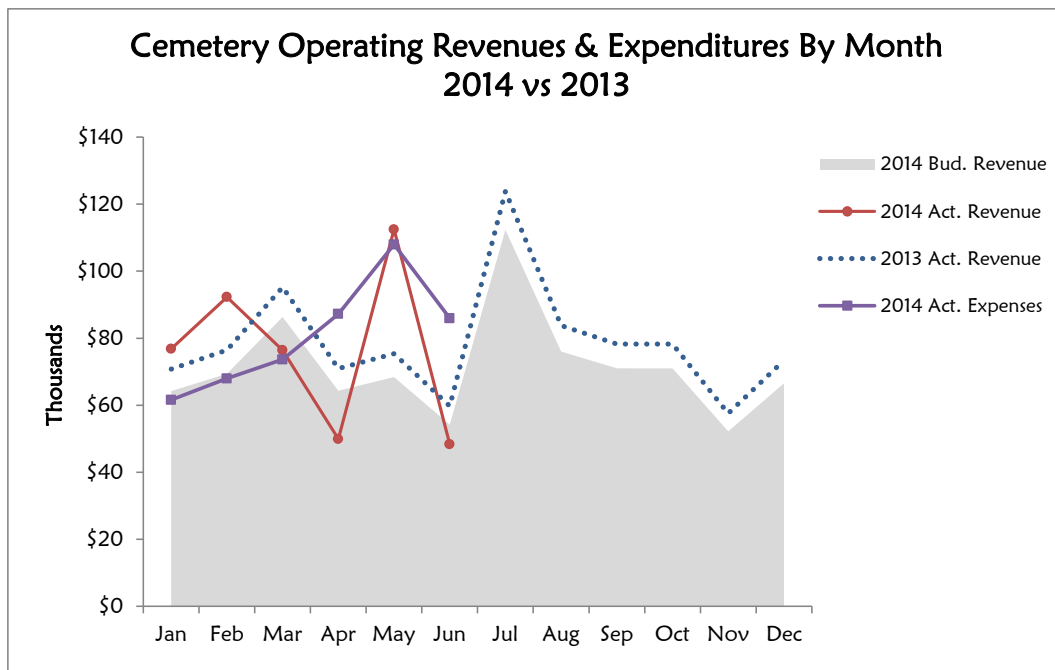
At the end of the second quarter, the **Water Utility's** net operating income increased from \$134,700 in 2013 to \$273,800 in 2014.

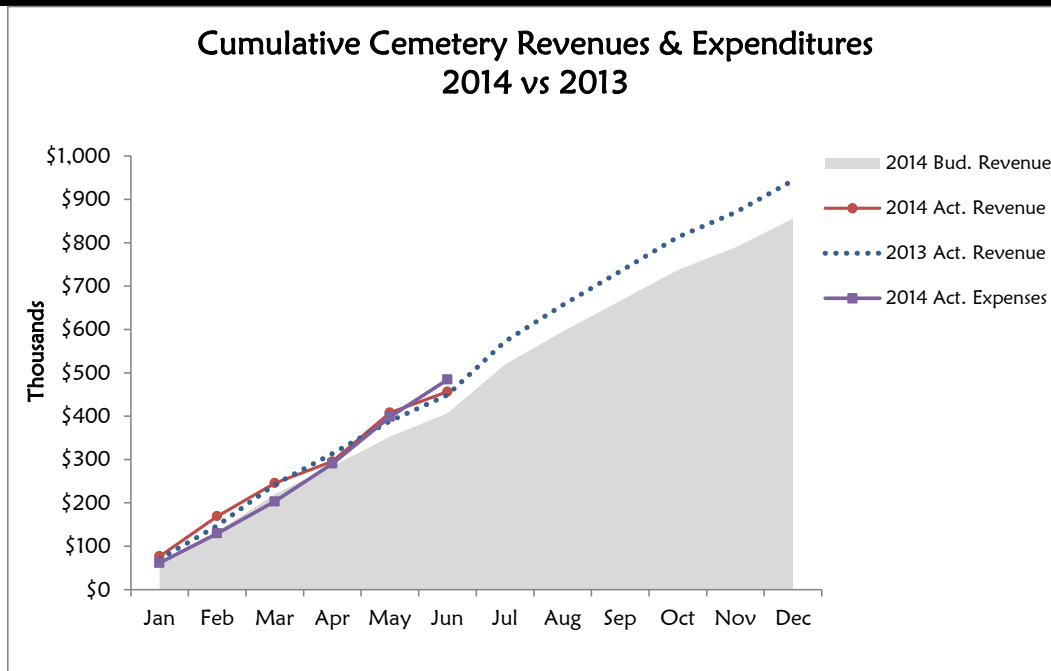


The **Sewer Utility** ended the quarter with operating income of \$81,000 compared to an operating loss of \$392,100 for the same period in 2013. The **Sewer-Metro Utility** ended the period with operating income of \$58,300 compared to an operating loss of \$52,900 for the previous year.

The **Stormwater Utility** ended the quarter with \$1,356,400 in net operating income which compared to operating income of \$630,300 for the same period last year.

The **Cemetery Fund** ended the second quarter with an operating loss of \$28,000 compared to a loss of \$3,100 for the same period last year. During the second quarter of 2014, the number of interments at the Cemetery totaled 116 (54 burials, 62 cremations) which compares to 109 (55 burials, 54 cremations) for the same period last year.





Internal Service Funds

Operating expenditures within the **Insurance** Fund represents the premium cost-pool that will be allocated monthly to other City funds over the course of 2014. As a result, this balance will gradually diminish each month throughout the year.

No significant variances are reported in the **Worker’s Compensation, Facilities, Innovation & Technology, or Equipment Rental** Funds. All funds have sufficient revenues to cover year-to-date expenditures.

Contact Information

This report is prepared by the Finance Department. Additional financial information can also be viewed at our website: <http://www.auburnwa.gov/>. For any questions about this report please contact Shelley Coleman at scolem@auburnwa.gov.