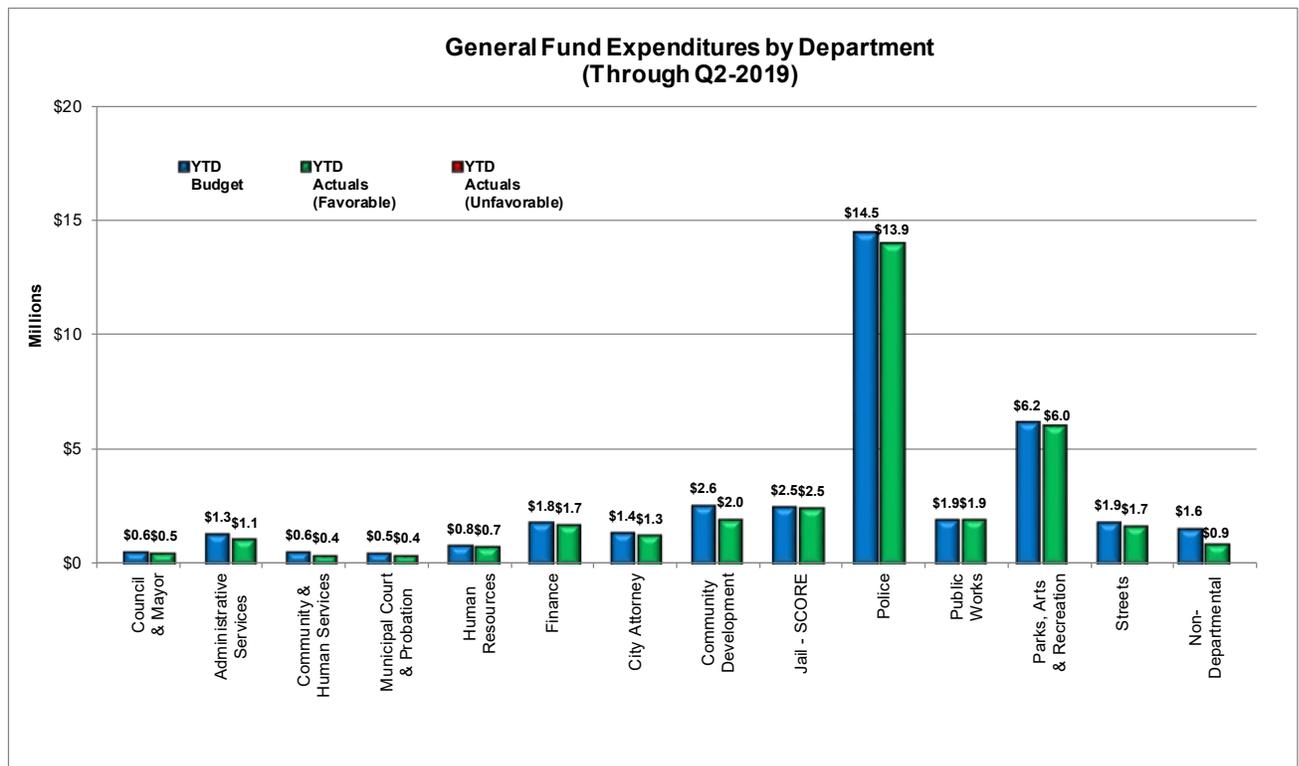
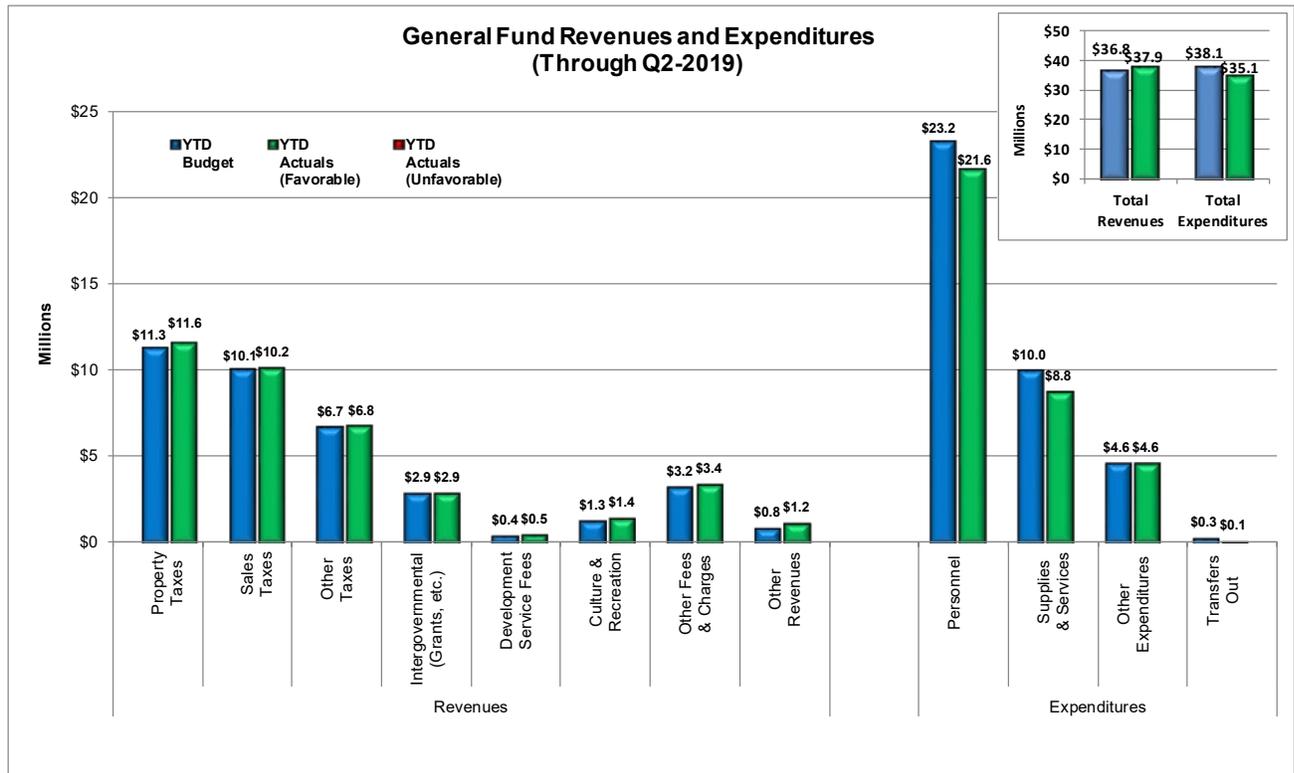




AGENDA BILL APPROVAL FORM

Agenda Subject: 2nd Quarter 2019 Financial Report		Date: September 4, 2019
Department: Finance	Attachments: Quarterly Financial Report	Budget Impact: \$0
Administrative Recommendation: For discussion only.		
<p>Background Summary:</p> <p>The quarterly financial report summarizes the general state of Citywide financial affairs and highlights significant items or trends that the City Council should be aware of. The attachment provides the year to date through June 2019 status report based on financial data available as of July 20, 2019 for the period ending June 30, 2019 and sales tax information representing business activity that occurred through April 2019.</p>		
		Staff: Thomas
Meeting Date: September 9, 2019		Item Number:

General Fund Summary



General Fund Summary of Sources and Uses	Page Ref	2019			2018	2019 YTD Budget vs. Actual	
		Annual Budget	YTD Budget	YTD Actual	YTD Actual	Favorable (Unfavorable) Amount	Percentage
Operating Revenues							
Property Tax	6	\$ 21,550,000	\$ 11,291,700	\$ 11,574,405	\$ 11,179,408	\$ 282,705	2.5 %
Retail Sales Tax	8-9	18,435,100	9,010,500	8,949,659	7,776,717	(60,841)	(0.7) %
Sales Tax - Pierce County Parks		105,500	50,700	53,506	49,563	2,806	5.5 %
Sales Tax - Annexation Credit		-	-	-	1,056,364	0	N/A %
Criminal Justice Sales Tax		2,162,000	1,029,900	1,146,909	1,072,063	117,009	11.4 %
Brokered Natural Gas Tax		137,900	81,400	119,494	91,424	38,094	46.8 %
City Utilities Tax	10-11	4,035,600	1,956,400	1,965,586	1,849,170	9,186	0.5 %
Admissions Tax		398,000	199,200	196,375	206,076	(2,825)	(1.4) %
Electric Tax	10-11	3,558,100	1,945,000	1,940,402	2,048,591	(4,598)	(0.2) %
Natural Gas Tax	10-11	1,008,000	686,300	628,650	699,014	(57,650)	(8.4) %
Cable Franchise Fee	11-12	950,500	479,100	467,805	486,701	(11,295)	(2.4) %
Cable Utility Tax	12	1,020,000	510,000	489,453	516,215	(20,547)	(4.0) %
Cable Franchise Fee - Capital		65,000	32,500	32,416	30,406	(84)	(0.3) %
Telephone Tax	10-11	1,177,900	619,900	478,737	690,962	(141,163)	(22.8) %
Garbage Tax (external)	10-11	134,400	67,200	72,002	66,702	4,802	7.1 %
Leasehold Excise Tax		50,000	25,000	183,394	177,145	158,394	633.6 %
Gambling Excise Tax		415,500	114,000	201,633	151,190	87,633	76.9 %
Taxes sub-total		\$ 55,203,500	\$ 28,098,800	\$ 28,500,426	\$ 28,147,711	\$ 401,626	1.4 %
Business License Fees	13-14	\$ 210,000	\$ 125,800	\$ 109,947	\$ 197,357	(15,853)	(12.6) %
Building Permits	14	1,070,000	624,100	462,087	517,784	(162,013)	(26.0) %
Other Licenses & Permits	3	557,900	282,100	518,477	289,482	236,377	83.8 %
Intergovernmental (Grants, etc.)	15	5,846,400	2,890,260	2,903,456	3,113,230	13,196	0.5 %
Charges for Services:	16-19						
General Government Services	16	2,721,110	1,309,673	1,294,500	41,605	(15,174)	(1.2) %
Public Safety	17	981,000	447,725	587,628	489,924	139,903	31.2 %
Development Services Fees	17-18	805,000	423,100	484,874	351,908	61,774	14.6 %
Culture and Recreation	18-19	2,409,980	1,271,300	1,428,369	1,368,831	157,069	12.4 %
Fines and Penalties	19-20	859,500	456,400	443,163	503,588	(13,237)	(2.9) %
Fees/Charges/Fines sub-total		\$ 15,460,890	\$ 7,830,458	\$ 8,232,501	\$ 6,873,708	\$ 402,042	5.1 %
Interest and Investment Earnings	21	\$ 348,700	\$ 174,000	\$ 237,171	\$ 176,279	63,171	36.3 %
Rents and Leases	21	849,300	441,800	506,788	525,096	64,988	14.7 %
Contributions and Donations	21	25,000	9,300	18,676	16,196	9,376	100.8 %
Other Miscellaneous	21	228,400	126,000	220,487	150,102	94,487	75.0 %
Transfers In		119,406	85,906	85,906	77,500	0	0.0 %
Insurance Recoveries - Capital & Operating		25,000	12,500	92,092	32,523	79,592	636.7 %
Other Revenues sub-total		\$ 1,595,806	\$ 849,506	\$ 1,161,121	\$ 977,696	\$ 311,615	36.7 %
Total Operating Revenues		\$ 72,260,196	\$ 36,778,764	\$ 37,894,047	\$ 35,999,115	\$ 1,115,283	3.0 %
Operating Expenditures							
Council & Mayor		\$ 1,109,779	\$ 553,300	\$ 516,985	\$ 582,102	\$ 36,315	6.6 %
Administration		2,694,148	1,347,000	1,089,465	767,568	257,535	19.1 %
Human Resources		1,626,831	817,000	749,505	595,394	67,495	8.3 %
Municipal Court & Probation		2,879,221	493,336	407,473	355,018	85,862	17.4 %
Finance		3,533,140	1,816,700	1,710,519	735,988	106,181	5.8 %
City Attorney		2,795,950	1,381,800	1,261,975	1,064,040	119,825	8.7 %
Community Development		5,197,326	2,594,100	1,972,261	2,041,319	621,839	24.0 %
Community & Human Services (Comm Devel)		1,069,373	552,000	405,513	509,006	146,487	26.5 %
Jail - SCORE		5,001,000	2,500,500	2,481,207	1,665,696	19,293	0.8 %
Police		29,397,379	14,454,200	13,949,875	13,375,970	504,325	3.5 %
Public Works		4,068,425	1,930,500	1,928,949	1,716,278	1,551	0.1 %
Parks, Arts & Recreation		12,962,401	6,228,400	6,034,861	6,063,359	193,539	3.1 %
Streets		4,041,472	1,861,900	1,687,778	1,746,251	174,122	9.4 %
Non-Departmental		2,075,610	1,571,200	910,566	2,787,830	660,634	42.0 %
Total Operating Expenditures		\$ 78,452,055	\$ 38,101,936	\$ 35,106,931	\$ 34,005,818	\$ 2,995,004	7.9 %

Executive Summary

This Executive Summary provides an overview of the City's overall financial position for the fiscal period ending June 30, 2019, reflecting financial data available as of July 20, 2019.

General Fund:

Through June 2019, General Fund revenues totaled \$37.9 million and were \$1.1 million higher than budget expectations and \$1.9 million higher than revenues collected through Q2-2018. Some notable variances to budget through June 2019 include:

- Property tax collections through Q2-2019 totaled \$11.6 million, which was \$283,000 higher than budget expectations and exceeded 2018 year-to-date collections by \$395,000. **[page 7]**
- General Fund retail sales tax revenues totaled \$8.9 million, which was \$61,000 under budget expectations. While General Fund sales tax collections through Q2-2019 were \$1.2 million higher than what was collected through Q2-2018, this is due to a policy change: between 2013 and 2018, all sales tax dollars collected from sales tax on construction benefitted the Local Street Fund and therefore were not distributed to the General Fund. Effective January 1, 2019, this policy changed and now all sales tax dollars stay in the General Fund to support ongoing operations. **[pages 8-9]**
- The other taxes category performed favorably to budget in Q2-2019. Actual revenues collected through Q2-2019 were \$6.8 million, which was \$60,000, or 0.9% favorable to budget. Leasehold excise tax revenues collected through Q2-2019 exceeded budget by \$158,000 due to an unbudgeted leasehold excise tax receipt for the Emerald Downs property. Gambling tax revenues collected during the same period exceeded budget by \$88,000. These revenues were somewhat offset by unfavorable variances in telephone tax and natural gas tax revenues in the amount of \$141,000 and \$58,000, respectively. **[pages 10-12]**
- Building permit revenue collected through Q2-2019 totaled \$462,000, compared to a budget of \$624,000. The number of building permits issued through Q2-2019 totaled 269, which represents a 2.7% increase over the number of permits issued through Q2-2018, while the valuation of those permits declined by 18.4% during that same timeframe. **[page 14]**
- Other licenses and permit revenues collected year-to-date exceed budget expectations by \$236,000. A portion of that favorable variance to budget is due to large grading permits issued for the Auburn Elementary School and Dick Scobee Elementary School projects. In addition, excavation permit revenues collected year-to-date exceed budget expectations by \$165,000. While we are halfway through the year, these revenues already exceed the year-end collections of any year on record. The increased revenue collected is primarily due to the increase in the fee structure, where the City is now close to achieving full cost recovery on construction permits.
- Intergovernmental revenues collected through Q2-2019 totaled \$2.9 million and ended the period with a net of \$13,000 favorable to budget expectations. Revenues from Muckleshoot Casino for services rendered exceeded budget expectations by \$126,000 while the revenues collected for streamlined sales tax revenues were

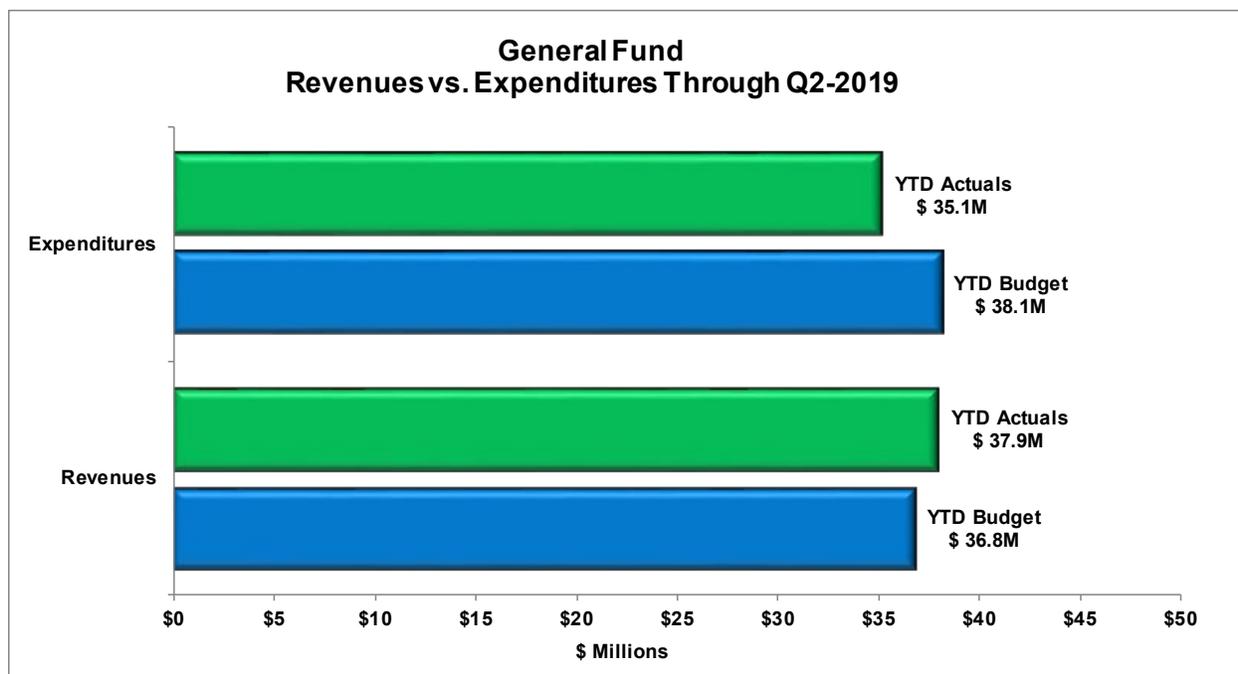
\$168,000 unfavorable to budget. This variance to budget seen in the streamlined sales tax revenues are primarily due to the Marketplace Fairness Act (MFA). While the Marketplace Fairness Act (MFA) was passed in 2017 in order to capture the retail sales tax lost from internet and remote sales, the bill phases out and eventually eliminates the streamlined sales tax mitigation payments to local governments. It was anticipated that 2019 would be the last year that the City of Auburn would receive the streamlined sales tax monies, but when the 2019 legislative session adjourned (in May 2019), they voted to continue funding of the mitigation payments through June 2021. The annual revenue historically collected on this revenue stream was approximately \$2.0 million. While the sales tax revenues collected under MFA are receipted in as sales tax revenue, it is deducted from the amount of revenue the City receives for streamlined sales tax revenues. The amount that the City received through Q2-2019 due to the Marketplace Fairness Act was \$292,000. **[page 15]**

- Culture and recreation revenues collected through Q2-2019 totaled \$1.4 million compared to a budget of \$1.3 million, exceeding budget expectations by \$157,000. The primary areas of increased revenues collected compared to last year were green fees generated at the Auburn Golf Course and ticket sales for performances at the Auburn Avenue Theater. **[pages 18-19]**

General Fund expenditures through the first half of 2019 totaled \$35.1 million compared to a budget of \$38.1 million, representing a 7.9% favorable variance to budget. All departments operated within their allocated year-to-date budget through Q2-2019.

Year-to-date General Fund expenditures ended the period \$1.1 million, or 3.2% higher than expenditures through Q2-2018. This year-over-year increase was primarily due to increased expenditures for salaries and benefits. Through Q2-2019, salary and benefit costs increased by \$1.8 million, or 8.9%, compared to salary and benefit expenditures through Q2-2018. This increase largely reflects increased costs associated with the Police Bargaining Agreements that were approved earlier this year, with the retroactive salary and benefit payments having been posted in April 2019. In addition, this year-over-year increase includes the impacts of the cost of living adjustments (COLAs), an increase in Council-approved FTEs (Full Time Equivalents), and increased costs associated with healthcare benefits.

In addition, the year-over-year salary and benefit costs reported in the General Fund in 2019 are higher than salary and benefit costs in 2018 due not only to the wage adjustments noted above but also to a change in the way salary and benefit costs are allocated. Prior to 2019, salary and benefit costs for support departments (Finance, Human Resources and the Legal Department) were directly charged to other General Fund departments as well as to other City funds. Effective January 1, 2019, all salaries and benefit costs for the support departments mentioned above are now charged 100% to the General Fund. In order to recoup the cost of services, the General Fund now charges other funds for these services via an interfund charge, with an associated revenue in the General Fund (for reference, refer to the general government services line item in the tables on pages 2 and 16 of this report). While this change results in higher salary and benefit costs within the General Fund, the change is actually cost neutral to the bottom line.



Street Funds:

The City’s three street funds are special revenue funds wherein the revenue sources and expenditures are legally restricted. These funds are used for street capital construction projects, local street repair, and arterial street repair and preservation projects. Historically, the majority of expenditures in all three street funds occur during the second half of the year when weather conditions are optimal for pavement construction.

Through Q2-2019, **Arterial Street Fund** revenues totaled \$1.1 million as compared to collections of \$1.3 million through Q2-2018, while expenditures totaled \$1.2 million as compared to expenditures of \$2.1 million through Q2-2018. These variances are due to the level of activity on projects in the fund and timing of grant reimbursements and other funding. **[pages 25–26]**

Local Street Fund revenues of \$1.1 million are in line with budget expectations, and compare to collections of \$1.3 million through Q2-2018. This variance is due to a change in funding sources – last year, the Local Street Fund received revenue from sales tax on construction. Starting in 2019, the fund instead receives a set revenue amount from real estate excise tax (REET 2). Expenditures through the second quarter were \$244,000 as compared with \$563,000 through Q2-2018. **[pages 27–28]**

Lastly, **Arterial Street Preservation Fund** revenues totaled \$1.4 million through Q2-2019, compared to collections of \$1.2 million through Q2-2018. Expenditures totaled \$657,000 versus \$266,000 through Q2-2018. These variances are due to the level of activity on projects in the fund and timing of grant reimbursements and other funding. **[pages 29–30]**

Enterprise Funds:

The City's enterprise funds account for operations with revenues primarily provided from user fees, charges or contracts for services.

All City utilities transitioned from bimonthly to monthly usage billing starting in January 2019.

The **Water Fund** ended the second quarter with operating income of \$2.4 million, compared to \$2.1 million during the same period last year. **[page 32]**

The **Sewer Fund** finished Q2-2019 with operating income of \$1.5 million versus \$1.0 through Q2-2018. **[page 33]**

The **Stormwater Fund** also ended the second quarter with operating income of \$1.5 million compared to \$1.3 million through Q2-2018. **[page 33]**

The **Solid Waste Fund** finished Q2-2019 with operating income of \$284,000 compared to \$376,000 through Q2-2018, a variance caused by increased payments to the City's primary solid waste contractor. **[pages 33-34]**

The **Airport Fund** finished Q2-2019 with operating income of \$239,000 compared to \$146,000 through Q2-2018, a variance largely attributable to the purchase and sale of aviation fuel. **[page 35]**

The **Cemetery Fund** had operating income of \$115,000, representing an increase of \$4,000 over the same period last year. **[page 35]**

Internal Service Funds:

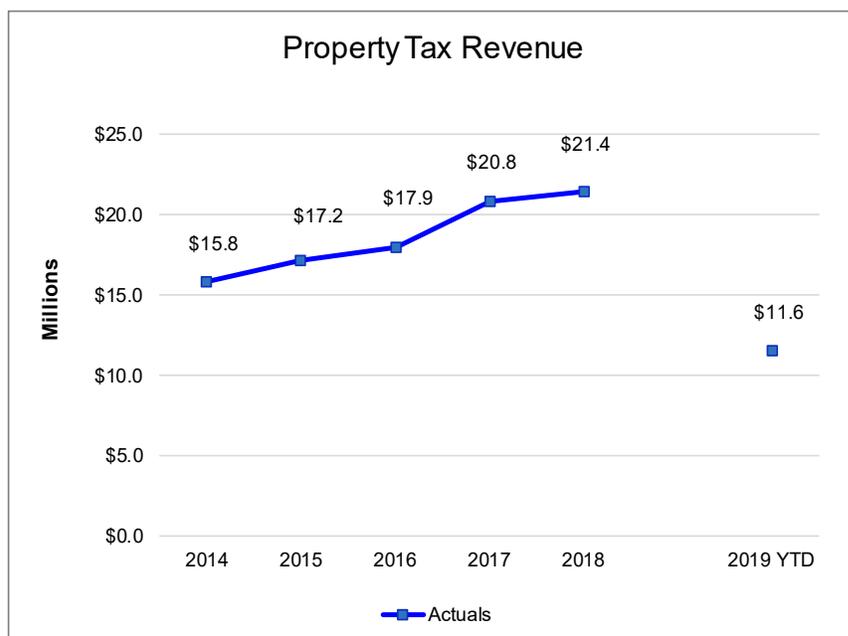
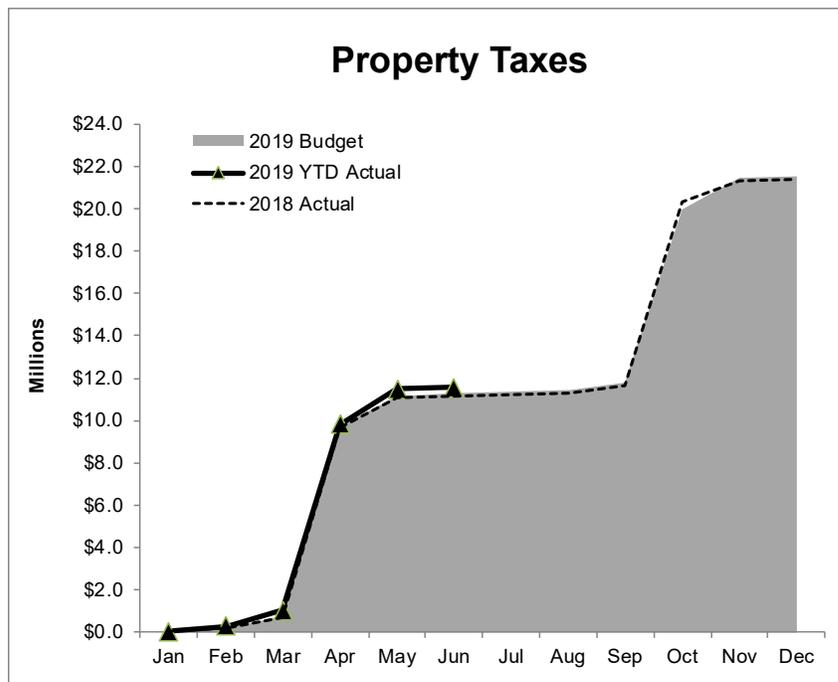
Internal service funds provide services to other City departments and include functions such as Insurance, Worker's Compensation, Facilities, Innovation & Technology, and Equipment Rental. No significant variances were reported in these funds during the second quarter. **[page 35]**

General Fund

Revenues

The combined total of property, sales/use, utility, gambling, and admissions taxes provides 75% to 80% of all resources supporting general governmental activities. The following section provides additional information on these sources.

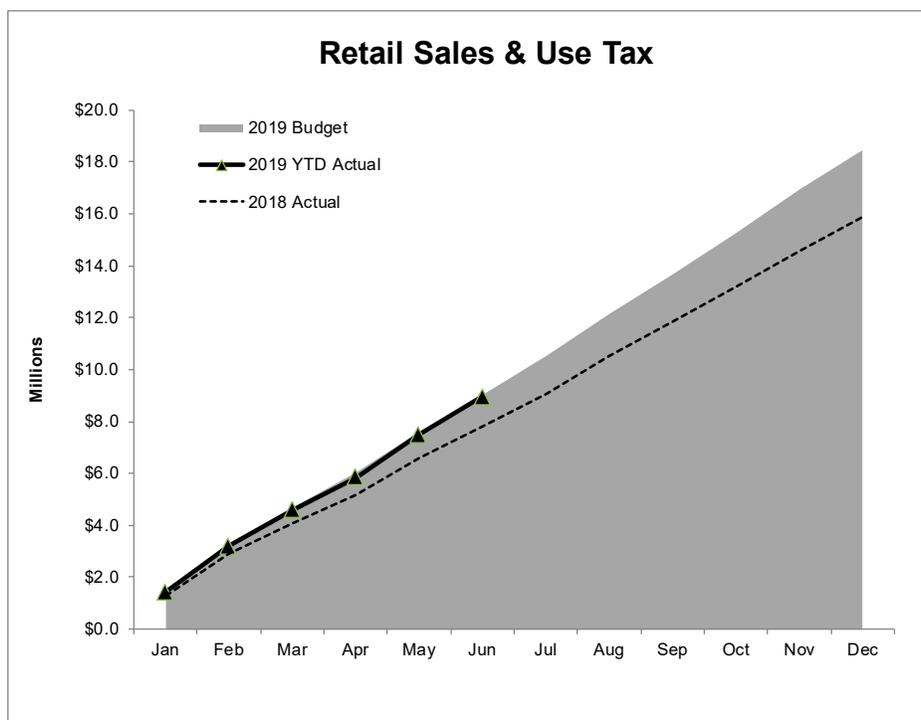
Property Tax collections through Q2-2019 totaled \$11.6 million and was \$283,000, or 2.5% favorable to budget expectations. As depicted in the graphic below, the majority of property taxes are collected during the months of April and October, coinciding with the due dates for the County property tax billings.

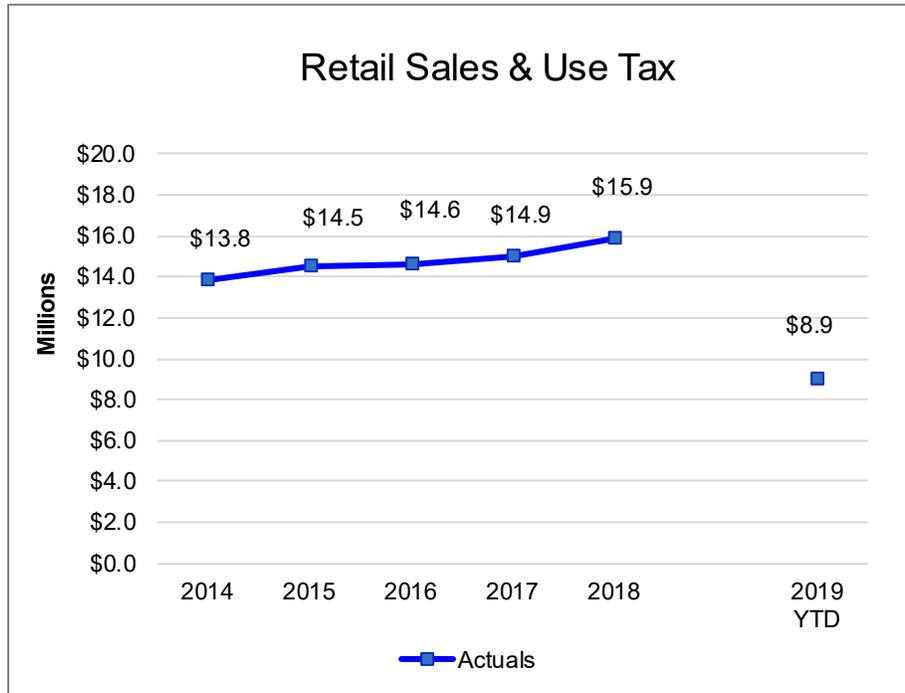


Retail sales tax collections through Q2-2019 totaled \$8.9 million, which was \$61,000 under budget expectations. While it was anticipated that sales tax growth in 2019 would wane compared to the growth seen in 2018, it has been lower than expected where 2019 year-to-date growth was 0.9% compared to 5.0% revenue growth through Q2-2018. While sales tax revenues collected in the General Fund in Q2-2019 were \$1.2 million more than collections through Q2-2018, this is primarily due to a policy change that became effective on January 1, 2019. Between 2013 and 2018, all sales tax dollars collected from sales tax on construction benefitted the Local Street Fund and were therefore not distributed to the General Fund; effective January 1, 2019, this policy changed whereby all sales tax dollars stay in the General Fund to support ongoing operations. In June 2019, the City issued a rebate in the amount of \$47,000 in accordance with the Sales Tax Exemption Program, which is a permanent program that incentivizes construction of new or expanded businesses in specific zoned areas of the City. This rebate is reflective of the differences in retail sales taxes reported on page 2 and page 9 of this report.

Due to the Marketplace Fairness Act (MFA) which became effective on January 1, 2018, retail sales taxes collected through Q2-2019 included \$292,000 from retail sales taxes collected on internet and remote sales. This is collected as retail sales tax revenue and is deducted from the amount the City receives for streamlined sales tax revenue (see page 15 for more information).

Other sales tax revenues include Pierce County Parks sales tax revenue and the Criminal Justice sales tax revenue, both ended the period favorable to budget by \$3,000 and \$117,000 respectively. Total sales tax revenues – including retail and other sales taxes – were \$10.2 million through Q2-2019, or slightly above the year-to-date budget of \$10.1 million.



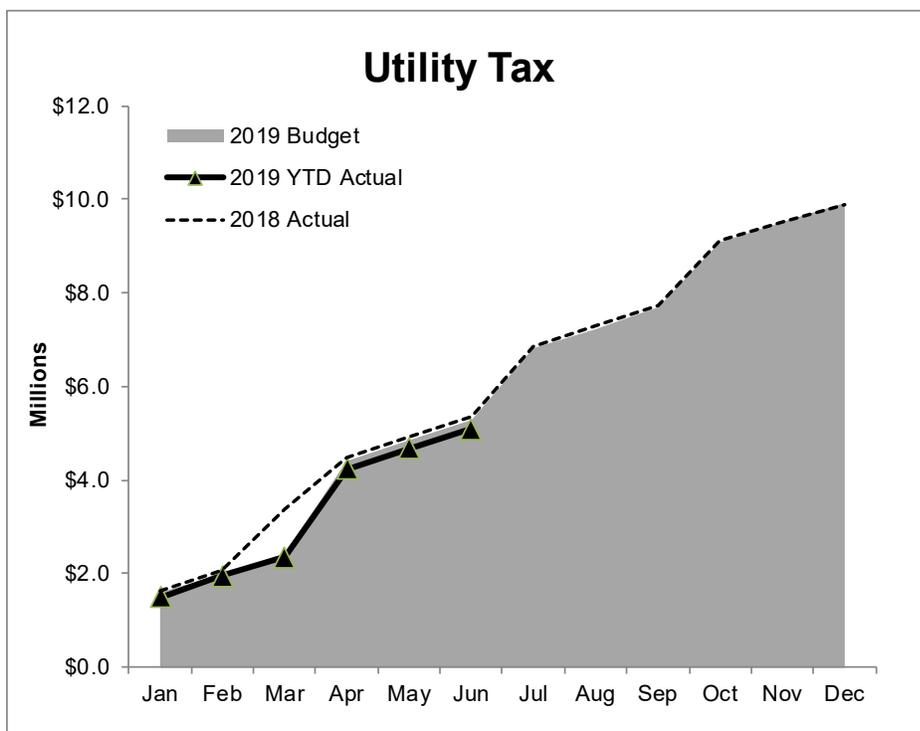


The following table breaks out the City’s retail sales taxes by major business sector.

Comparison of Retail Sales Tax Collections by Group Through June				
Component Group	2018 Actual	2019 Actual	Change from 2018	
			Amount	Percentage
Construction	\$ 1,139,316	\$ 950,985	\$ (188,331)	(16.5) %
Manufacturing	340,007	394,967	54,961	16.2 %
Transportation & Warehousing	52,991	44,147	(8,844)	(16.7) %
Wholesale Trade	744,827	711,499	(33,328)	(4.5) %
Automotive	2,020,503	1,964,979	(55,523)	(2.7) %
Retail Trade	2,501,011	2,673,680	172,669	6.9 %
Services	2,042,381	2,127,235	84,854	4.2 %
Miscellaneous	74,998	129,498	54,500	72.7 %
YTD Total	\$ 8,916,034	\$ 8,996,990	\$ 80,957	0.9 %

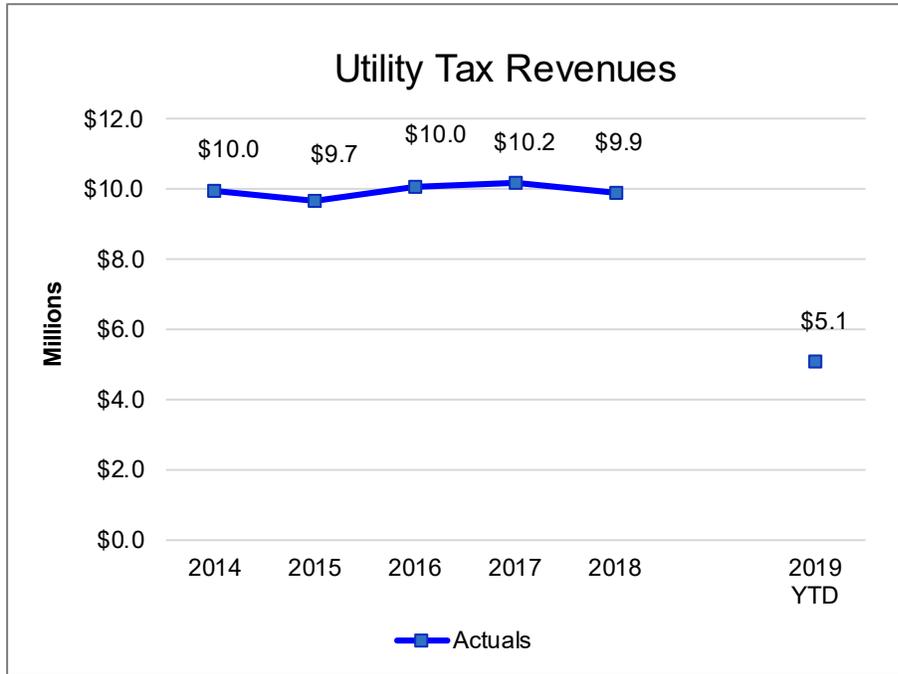
Citywide retail sales tax revenue collected through Q2-2019 was \$81,000, or 0.9%, more than collected through Q2-2018. The business sector that realized the greatest revenue increase compared to the same period last year was in the retail trade category, while the construction category declined 16.5%, or \$188,000, compared to collections through Q2-2018.

Utility Taxes consist of interfund taxes on City utilities (Water, Sewer, Storm and Solid Waste) and taxes on external utilities (Electric, Natural Gas, Telephone and Solid Waste). Utility taxes collected through Q2-2019 totaled \$5.1 million and were \$189,000, or 3.6%, below budget expectations.

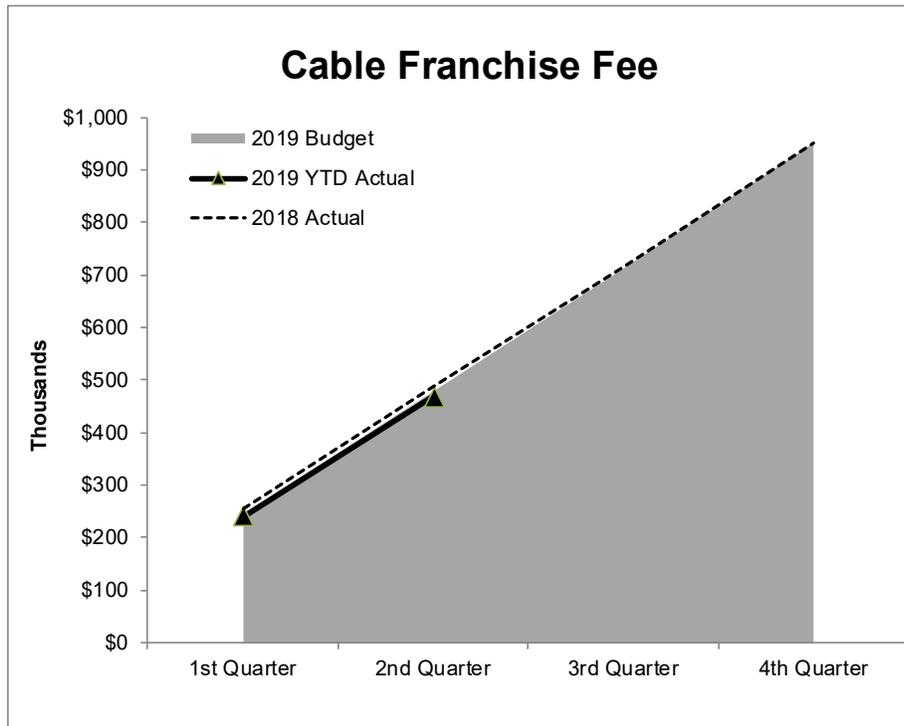


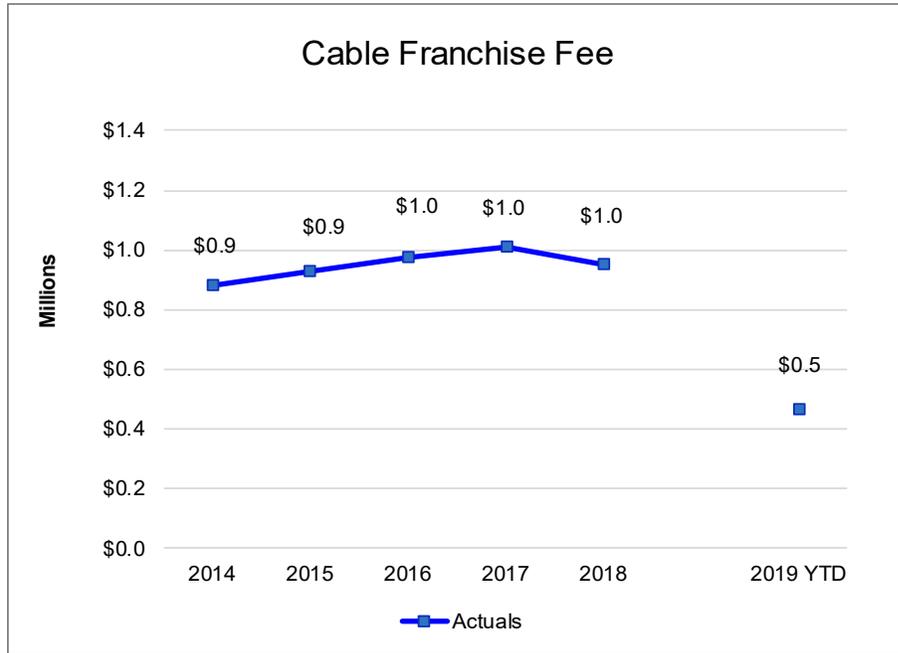
The majority of this unfavorable variance to budget through Q2-2019 was seen in telephone tax collections. This is due, in part, to the timing of payments received from telephone businesses as well as the steady decline in telephone utility tax revenue since 2010.

Utility Tax by Type Through June 2019							
Utility Tax Type	2018 YTD Actual	2019 YTD Budget	2019 YTD Actual	2019 vs. 2018 Actual		2019 vs. Budget	
				Amount	Percentage	Amount	Percentage
City Interfund Utility Taxes	\$ 1,849,170	\$ 1,956,400	\$ 1,965,586	\$ 116,417	6.3 %	\$ 9,186	0.5 %
Electric	2,048,591	1,945,000	1,940,402	(108,189)	(5.3) %	(4,598)	(0.2) %
Natural Gas	699,014	686,300	628,650	(70,363)	(10.1) %	(57,650)	(8.4) %
Telephone	690,962	619,900	478,737	(212,225)	(30.7) %	(141,163)	(22.8) %
Solid Waste (external)	66,702	67,200	72,002	5,300	7.9 %	4,802	7.1 %
YTD Total	\$ 5,354,438	\$ 5,274,800	\$ 5,085,377	\$ (269,061)	(5.0) %	\$ (189,423)	(3.6) %

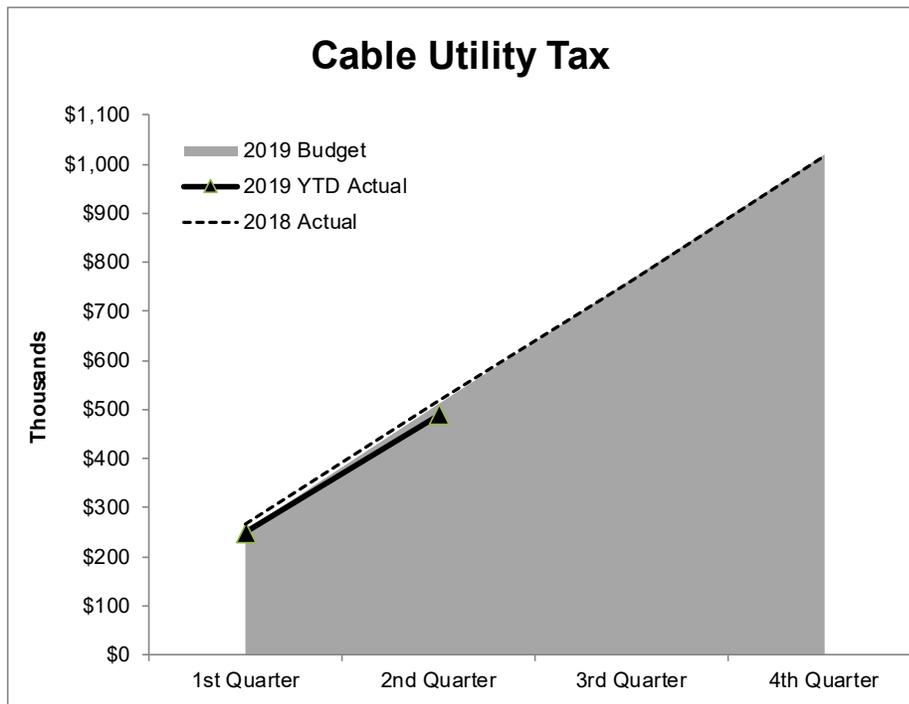


Cable Franchise Fees, which are collected quarterly, totaled \$468,000 through Q2-2019 and were \$11,000, or 2.4%, lower than budget expectations.



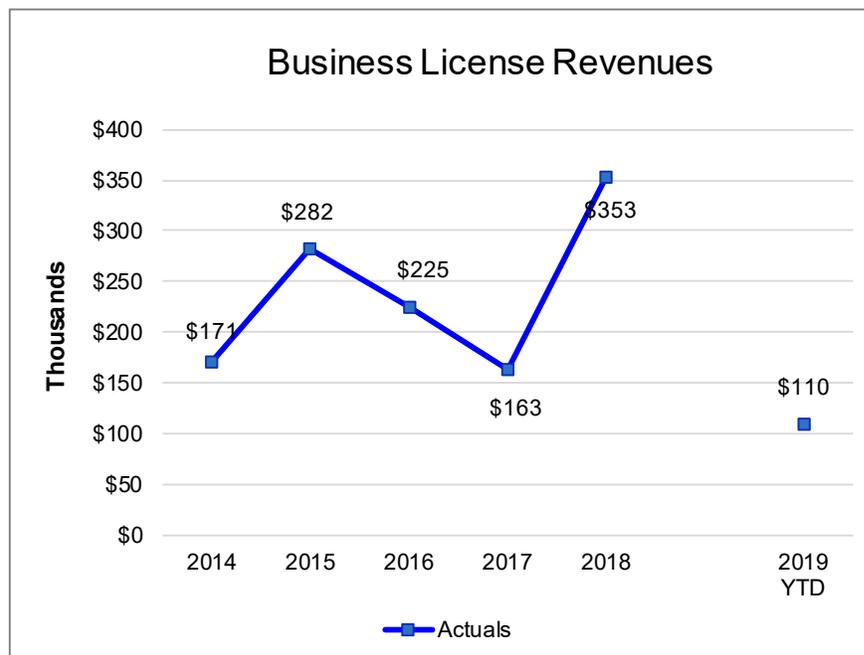
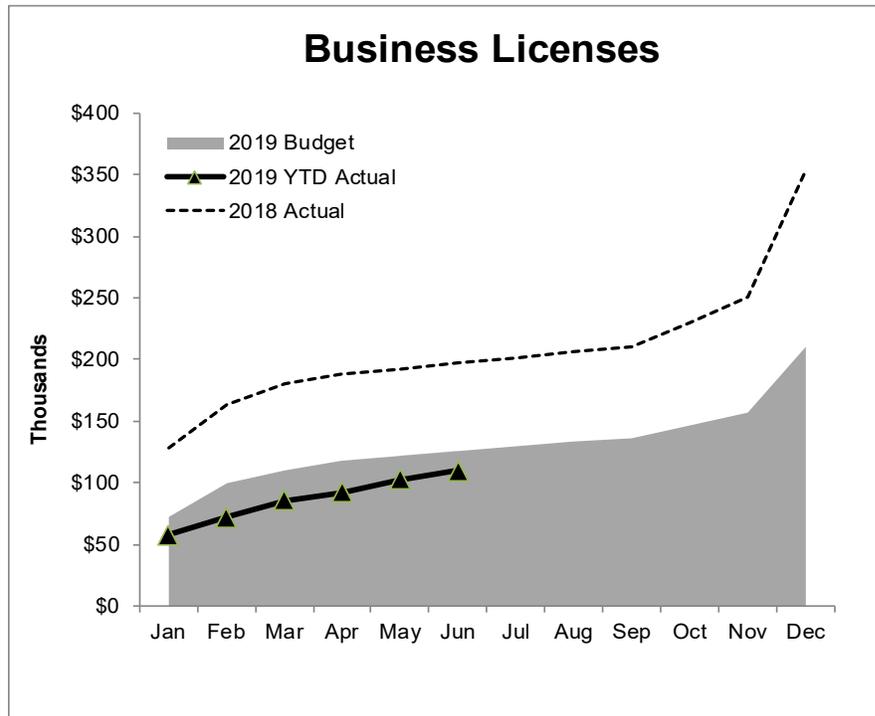


Cable Utility Tax. This tax became effective on January 1, 2017 and is also collected quarterly. Total cable utility tax revenue collected through Q2-2019 totaled \$489,000 and was unfavorable to budget expectations by \$21,000, or 4.0%.



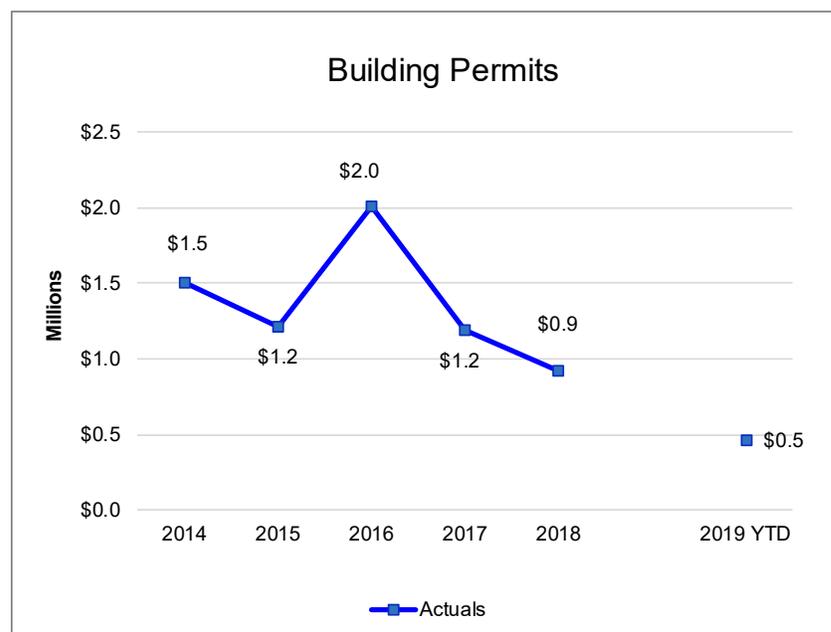
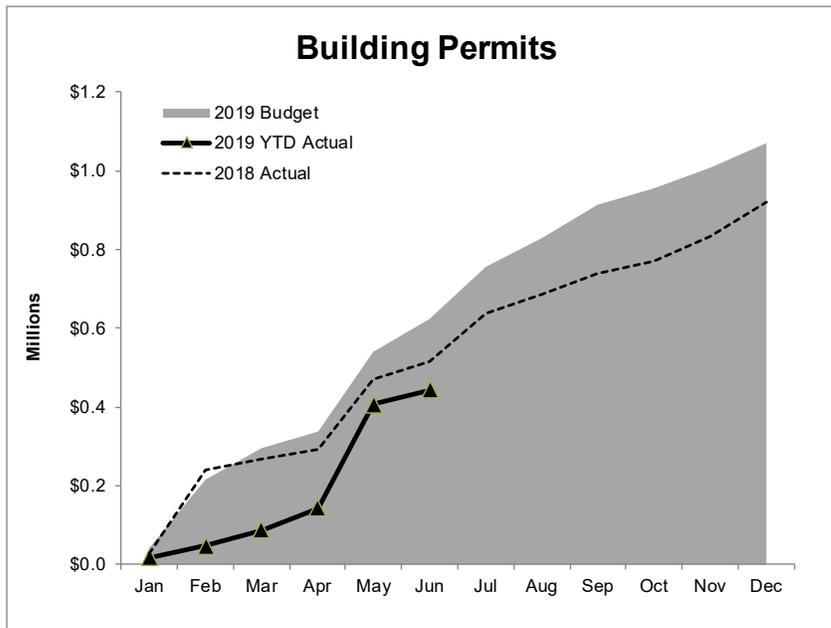
Licenses and Permits include business licenses, building permits, plumbing, electric and other licenses and permit fees. Building permit fees and business licenses make up about 70% of the annual budgeted revenue in this category.

Business license revenues collected through June 2019 totaled \$110,000 as compared to a budget of \$126,000. This shortfall relates to the timing of when business license renewal notices are paid: a majority of businesses paid their 2019 business licenses in late 2018.



Building permit revenue collected through Q2-2019 totaled \$462,000 compared to a budget of \$624,000. Revenues collected through Q2-2019 were 10.8% below collections through Q2-2018, while the valuation of permits during these same periods declined by 18.4% (after adjusting for the Auburn Apartments project, for which permits were paid in 2018). The number of building permits issued through Q2-2019 totaled 269, which represents a 2.7% increase over the number of permits issued through Q2-2018. Although the number of permits has increased, the average value of projects through Q2-2019 has declined compared to the same period last year.

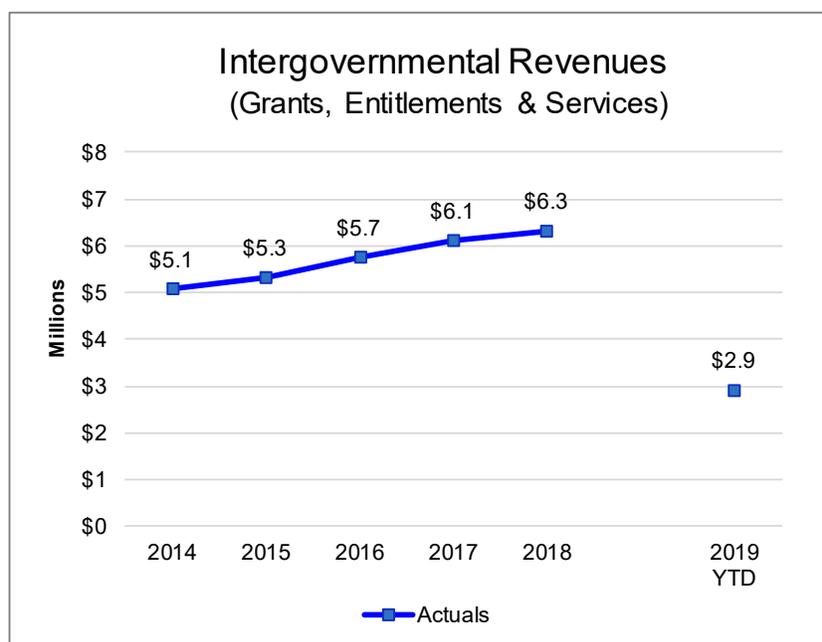
Major projects contributing to building permit revenues this quarter includes the Auburn Heights Elementary School and the Dick Scobee Elementary School as well as projects at Boeing and Skills, Inc. In addition, permits were issued for single-family housing developments, most notably Trussler Estates.



Intergovernmental revenues include grants (direct and indirect federal, state and local), revenue from the Muckleshoot Indian Tribe (MIT) compact, intergovernmental service revenues, and state shared revenues. Collections through the first half of 2019 totaled \$2.9 million and were a net of \$13,000 above budget expectations.

The majority of the variance to budget was seen in the streamlined sales tax revenue distribution, which was reduced by \$292,000 through Q2-2019 due to the Marketplace Fairness Act (MFA), which was implemented in January 2018 to capture the retail sales tax lost on internet and remote sales. MFA revenues are collected as retail sales tax revenues, which then reduces the amount the City receives in streamlined sales taxes (see also page 8).

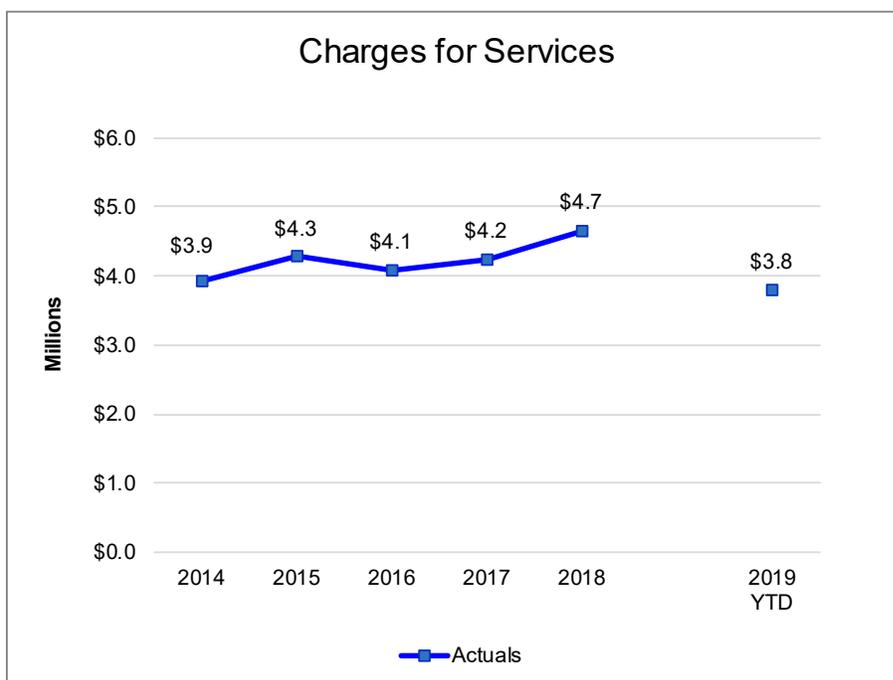
Intergovernmental Revenues (Grants, Entitlements & Services)							
Through June 2019							
Revenue	2018	2019	2019	2019 vs. 2018 Actual		2019 vs. Budget	
	YTD Actual	YTD Budget	YTD Actual	Amount	% Change	Amount	% Change
Federal Grants	\$ 110,084	\$ 154,150	\$ 99,372	\$ (10,712)	N/A %	\$ (54,778)	N/A %
State Grants	89,821	63,000	94,063	4,242	4.7 %	31,063	49.3 %
Interlocal Grants	28,817	0	0	(28,817)	0.0 %	0	N/A %
Muckleshoot Casino Services	496,975	462,800	588,830	91,856	18.5 %	126,030	27.2 %
State Shared Revenues:							
Streamlined Sales Tax	895,247	842,500	674,010	(221,237)	(24.7) %	(168,490)	(20.0) %
Motor Vehicle Fuel Tax	577,019	541,400	551,415	(25,604)	(4.4) %	10,015	1.8 %
Criminal Justice - High Crime	104,972	100,000	114,594	9,622	9.2 %	14,594	14.6 %
Criminal Justice - Population	11,190	11,000	11,759	568	5.1 %	759	6.9 %
Criminal Justice - Special Prog.	40,540	40,200	42,416	1,877	4.6 %	2,216	5.5 %
Marijuana Revenues	145,971	54,000	91,231	(54,741)	(37.5) %	37,231	68.9 %
State DUI	5,837	5,800	5,863	26	0.4 %	63	1.1 %
Fire Insurance Tax	79,798	78,900	80,386	588	N/A %	1,486	N/A %
Liquor Excise	199,801	207,060	220,899	21,098	10.6 %	13,839	6.7 %
Liquor Profit	327,159	329,450	328,618	1,459	0.4 %	(832)	(0.3) %
Total State Shared:	2,387,534	2,210,310	2,121,190	(266,344)	(11.2) %	(89,120)	(4.0) %
YTD Total	\$ 3,113,230	\$ 2,890,260	\$ 2,903,456	\$ (209,774)	(6.7) %	\$ 13,196	0.5 %



Charges for Services consist of general governmental service charges, public safety charges, development service fees, and culture & recreation fees. Overall, charges for services collected through Q2-2019 totaled \$3.8 million, which was \$344,000 favorable to budget. The primary areas of increases were in both culture and recreation revenues and public safety revenues as explained on pages 17 and 18.

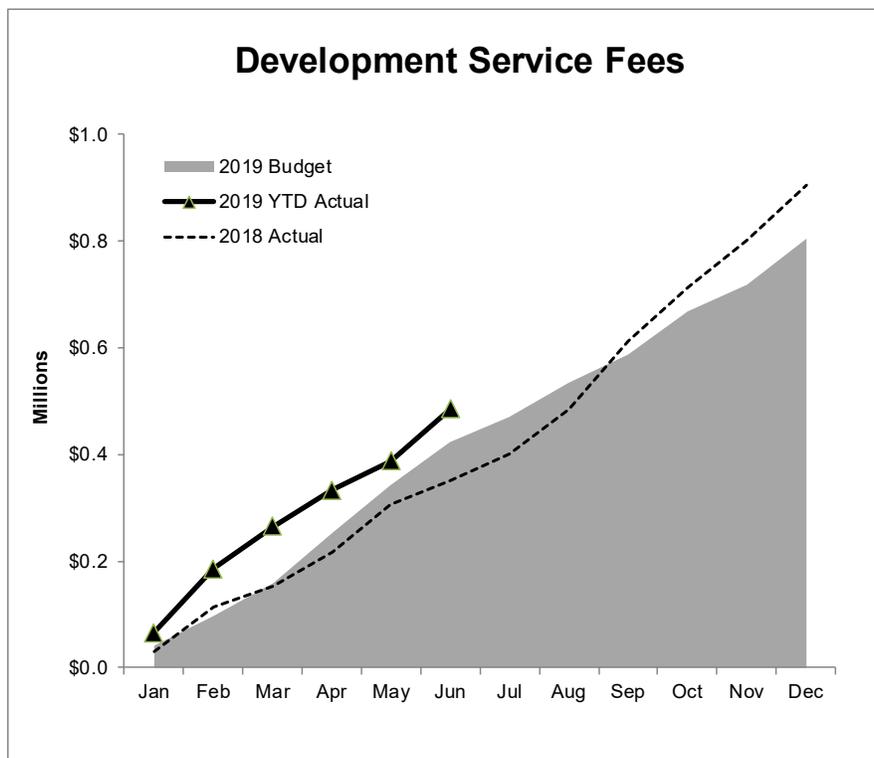
Charges for Services by Type Through June 2019							
Revenue	2018 YTD Actual	2019 YTD Budget	2019 YTD Actual	2019 vs. 2018 Actual		2019 vs. Budget	
				Amount	Percentage	Amount	Percentage
General Government	\$ 41,605	\$ 1,309,673	\$ 1,294,500	\$ 1,252,895	3,011.4 %	\$ (15,174)	(1.2) %
Public Safety	489,924	447,725	587,628	97,703	19.9 %	139,903	31.2 %
Development Services	351,908	423,100	484,874	132,967	37.8 %	61,774	14.6 %
Culture & Recreation	1,368,831	1,271,300	1,428,369	59,537	4.3 %	157,069	12.4 %
YTD Total	\$ 2,252,268	\$ 3,451,798	\$ 3,795,370	\$ 1,543,102	68.5 %	\$ 343,572	10.0 %

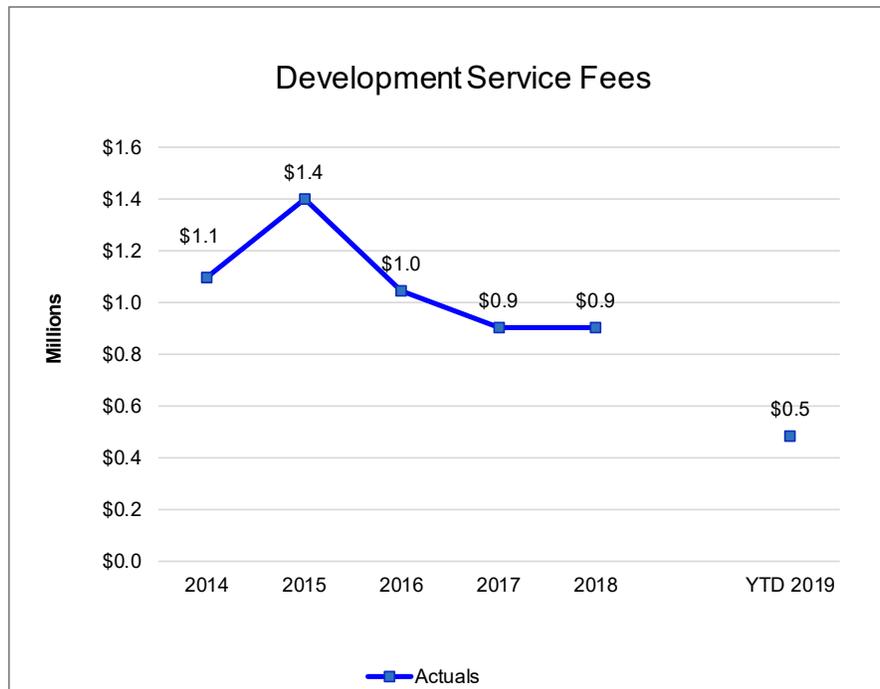
A process change was implemented in 2019 that significantly affects the comparison of year-over-year variances. Prior to 2019, salary and benefit expenditures for support departments (Finance, Human Resources and the Legal Department) were allocated between the General Fund and other City funds. Effective January 1, 2019, all salary and benefit costs for support departments are now fully charged to their respective General Fund department. The General Fund now charges these other funds for these services via an interfund assessment, with a corresponding General Fund revenue shown under “General Government” in the table above (hence the dramatic change from 2018 to 2019 shown in the table above). This policy change results in salary and benefit expenditures within the General Fund that appear higher than were previously reported, but the change has a cost-neutral impact on the General Fund due to the revenue offset. Total revenues recouped through Q2-2019 as general governmental revenues in the General Fund for the salary and benefit interfund charges totaled \$1.3 million.



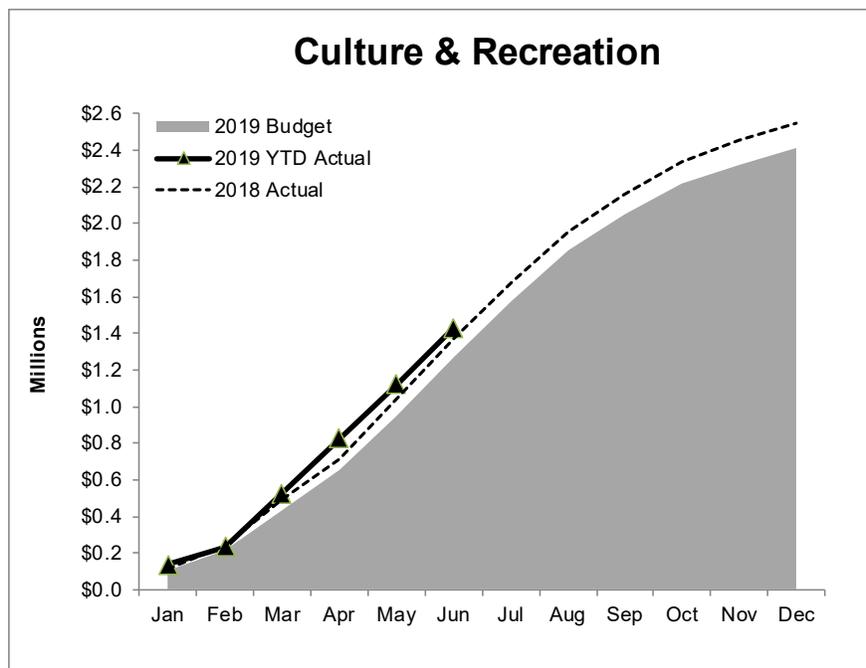
Public safety revenues consist of revenues received for police officer extra duty security services, whereby officers are contracted for and reimbursement is made by the hiring agency. This also includes reimbursements from the Muckleshoot Indian Tribe (MIT) for a full-time dedicated police officer and associated expenditures as well as monies collected from the Auburn School District and the Criminal Justice Training Commission (CJTC) for services rendered. Public safety revenues collected through June 2019 totaled \$588,000 as compared to a budget of \$448,000. The majority of the favorability seen in this revenue source is due to extra duty overtime reimbursements exceeding budget expectations resulting from increased requests for police officer security services.

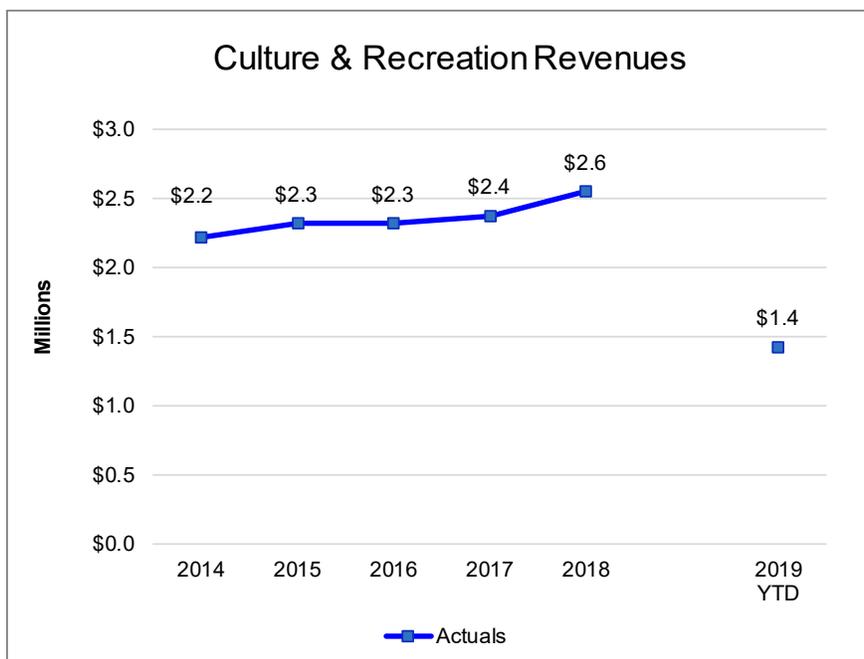
Development services fee collections consist primarily of plan check fees, facility extension charges, and zoning and subdivision fees. Through Q2-2019, development service fees totaled \$485,000 and ended the quarter \$62,000 favorable to budget expectations. Total plan check revenues collected through Q2-2019 totaled \$242,000 compared to \$204,000 collected through Q2-2018 which is an 18.5% increase in revenues. Plan check revenues collected in the second quarter of 2019 were from numerous commercial and residential projects including projects at Boeing, Starbucks Distribution Warehouse, and Valley Cities Phoenix Rising. In addition to increased plan check revenues collected through Q2-2019, both facility extension fees and zoning fees were higher than anticipated.





The majority of culture and recreation revenues are derived from green fees and pro shop sales at the Auburn Golf Course, recreational classes, ticket sales at the Auburn Avenue Theater, special events, and athletic league fees. Culture and recreation revenues collected through Q2-2019 totaled \$1.4 million, exceeding collections in the same period last year by \$60,000 and exceeding Q2-2019 budget by \$157,000. The majority of the year-over-year increase in revenues was in green fee revenues at the Auburn Golf Course and increased ticket sales at the Auburn Avenue Theater. Through Q2-2019, green fee revenues at the Auburn Golf Course increased 5.6%, or \$29,000 and ticket sales at the Auburn Avenue Theater increased 31.1%, or \$26,000, compared to the same period last year.

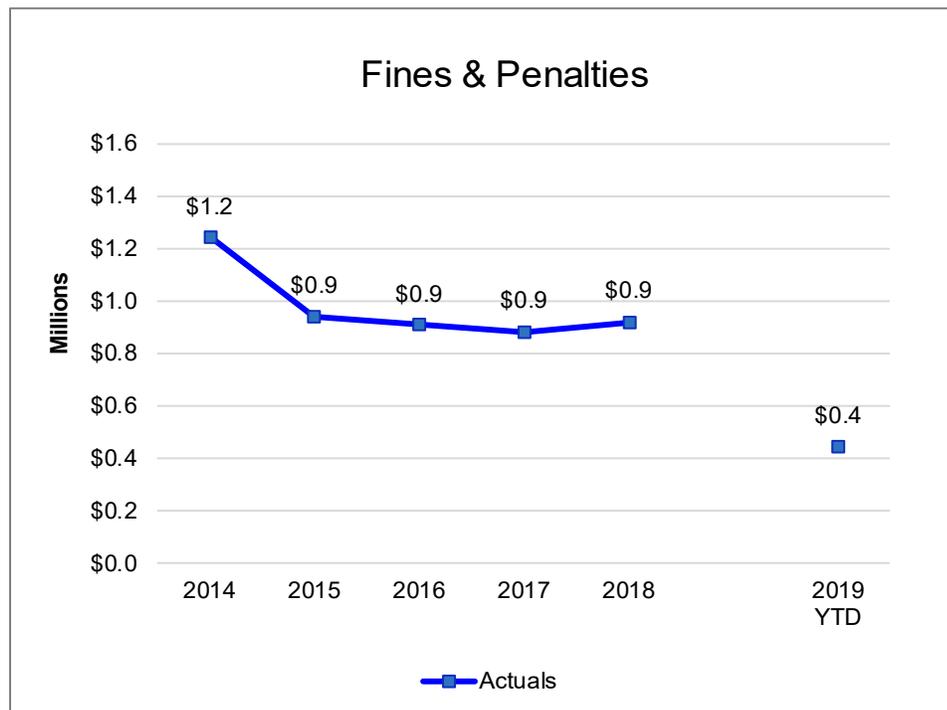
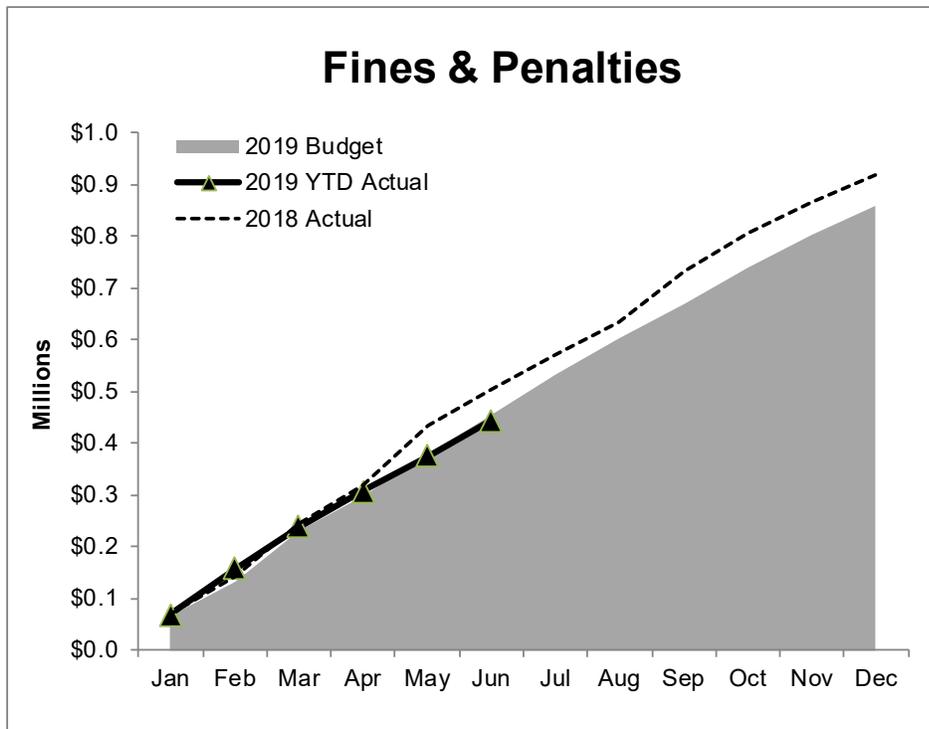




Fines & Penalties include civil penalties (such as code compliance fines), parking and traffic infraction penalties, criminal fines (including criminal traffic, criminal non-traffic and other criminal offenses) as well as non-court fines such as false alarm fines. Total revenues collected through the first half of 2019 totaled \$443,000 and compare to a budget of \$456,000.

As seen in the table below, civil penalty revenues collected through Q2-2019 were \$14,000 higher than collections through Q2-2018. This year-over-year increase relates to revenues collected for code compliance penalties, which are largely unbudgeted. Code compliance penalties are revenues collected from banks on vacant bank-owned properties that are neglected and in non-compliance with City code.

Fines & Penalties by Type Through June 2019							
Month	2018	2019	2019	2019 vs. 2018 Actual		2019 vs. Budget	
	YTD Actual	YTD Budget	YTD Actual	Amount	Percentage	Amount	Percentage
Civil Penalties	\$ 49,378	\$ 6,500	\$ 63,356	\$ 13,978	28.3 %	\$ 56,856	874.7 %
Civil Infraction Penalties	262,485	259,200	219,147	(43,338)	(16.5) %	(40,053)	(15.5) %
Redflex Photo Enforcement	4,616	0	1,749	(2,867)	(62.1) %	1,749	N/A %
Parking Infractions	68,184	76,800	66,550	(1,634)	(2.4) %	(10,250)	(13.3) %
Criminal Traffic Misdemeanor	28,616	25,800	15,508	(13,108)	(45.8) %	(10,292)	(39.9) %
Criminal Non-Traffic Fines	26,032	21,400	34,721	8,689	33.4 %	13,321	62.2 %
Criminal Costs	23,337	26,500	10,174	(13,163)	(56.4) %	(16,326)	(61.6) %
Non-Court Fines & Penalties	40,938	40,200	31,956	(8,983)	(21.9) %	(8,244)	(20.5) %
YTD Total	\$ 503,588	\$ 456,400	\$ 443,163	\$ (60,424)	(12.0) %	\$ (13,237)	(2.9) %

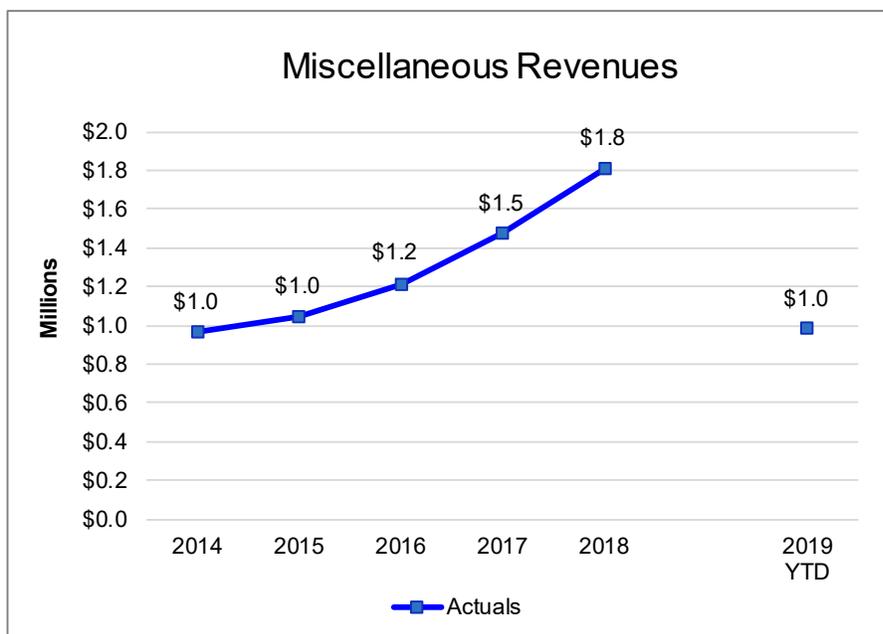


Miscellaneous revenues consist of investment earnings, income from facility rentals, revenue collected on golf cart rentals at the Auburn Golf Course, contributions & donations, and other income including the quarterly purchasing card (P-card) rebate monies (see page 36 for more information on P-cards). Revenues collected in this category through Q2-2019 totaled \$983,000 and exceeded budget expectations by \$232,000, or 30.9%. The majority of this increase was in the other miscellaneous revenue category and was due to one-time unbudgeted monies.

Miscellaneous Revenues by Type							
Through June 2019							
Month	2018 YTD Actual	2019 YTD Budget	2019 YTD Actual	2019 vs. 2018		2019 vs. Budget	
				Amount	Percentage	Amount	Percentage
Interest & Investments	\$ 176,279	\$ 174,000	\$ 237,171	\$ 60,892	34.5 %	\$ 63,171	36.3 %
Rents & Leases	525,096	441,800	506,788	(18,308)	(3.5) %	64,988	14.7 %
Contributions & Donations	16,196	9,300	18,676	2,480	15.3 %	9,376	100.8 %
Other Miscellaneous Revenue	150,102	126,000	220,487	70,385	46.9 %	94,487	75.0 %
YTD Total	\$ 867,673	\$ 751,100	\$ 983,122	\$ 115,449	13.3 %	\$ 232,022	30.9 %

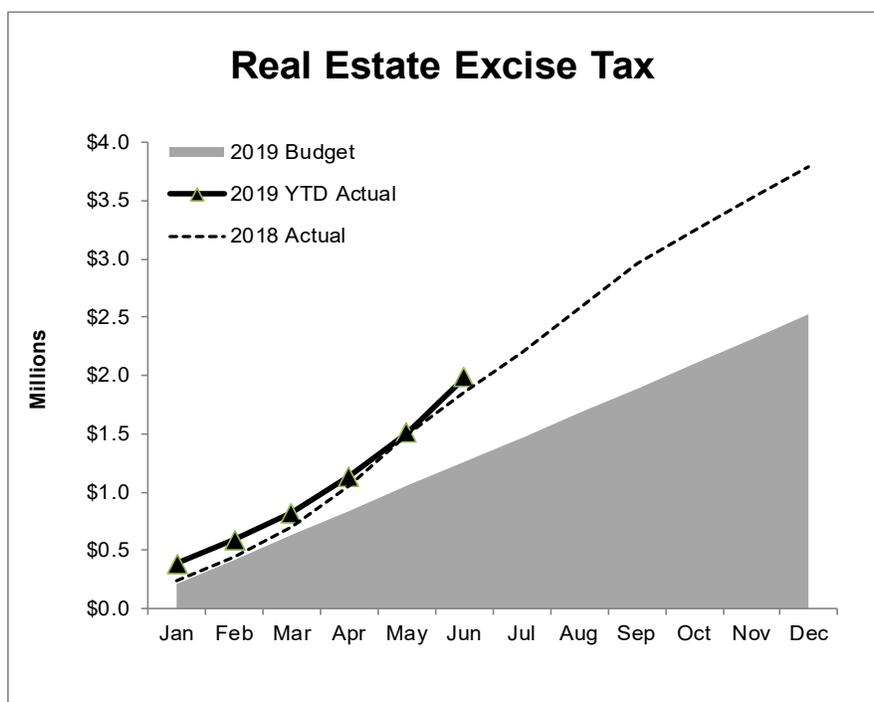
Interest and investments revenue collected through Q2-2019 totaled \$237,000 and exceeded budget expectations by \$63,000. Interest and investments earnings collected through Q2-2019 were \$61,000 higher than collections in the same period last year. The primary reason for the year-over-year increase in revenues is due to an increase in the State Investment Pool interest rate.

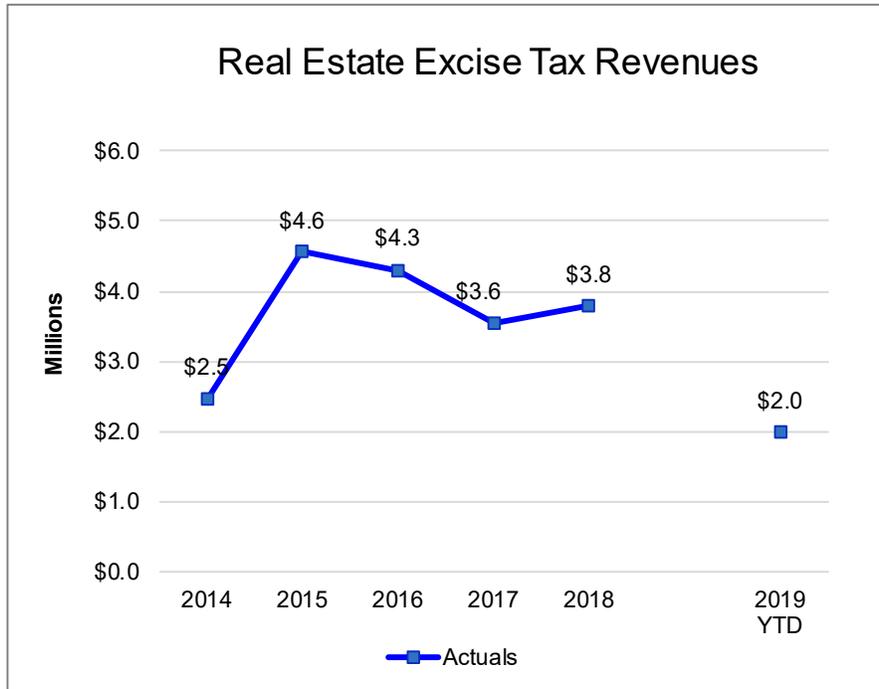
Rents and lease revenue collected through Q2-2019 totaled \$507,000 and was \$65,000 favorable to budget. This favorability to budget was mainly due to facility rentals – unbudgeted miscellaneous parks unearned revenue (deposits) totaling \$61,000 through Q2-2019. In addition, revenues collected for the Farmer’s Market vendors through Q2-2019 were \$16,000 higher than what was collected through Q2-2018 due to vendors pre-paying their fees in advance in order to receive a discount as well as an increased number of vendors participating this year due to the new location at Les Gove Park.



Real Estate Excise Tax (REET) revenue is received into the Capital Improvement Projects Fund and is used for governmental capital projects. REET revenue represents taxes on the sale of both commercial properties and single-family residences. REET revenues collected in the first half of 2019 totaled \$2.0 million, exceeding budget expectations by \$725,000. Commercial sales in Q2-2019 included the sale of several commercial warehouses/industrial businesses, several multi-family complexes, a strip mall, an auto dealership, a medical/dental building and vacant land.

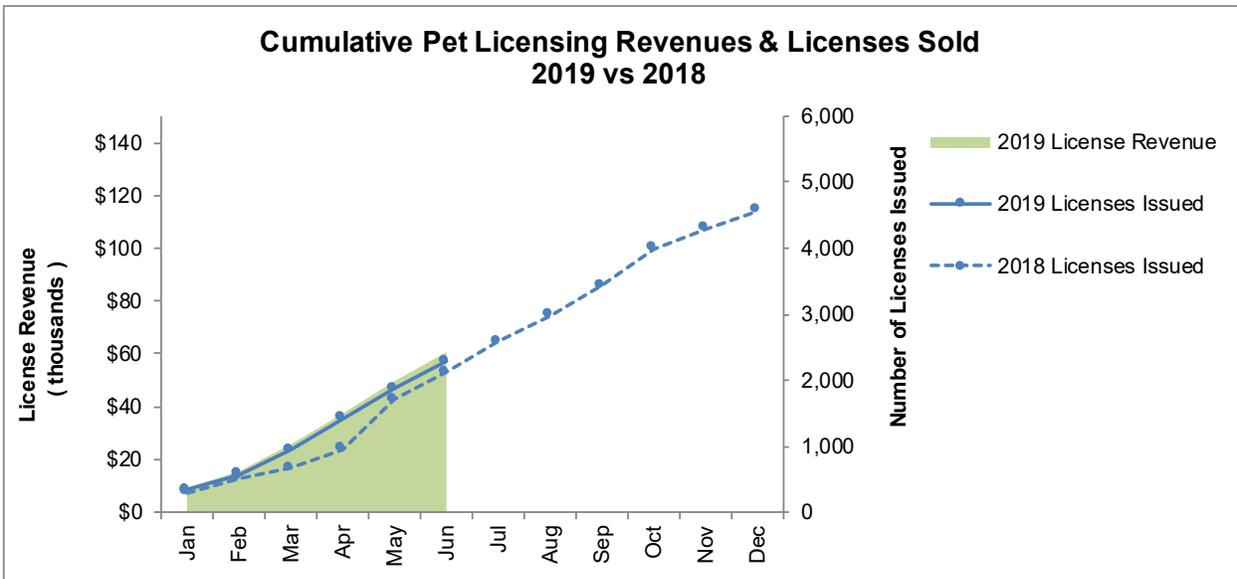
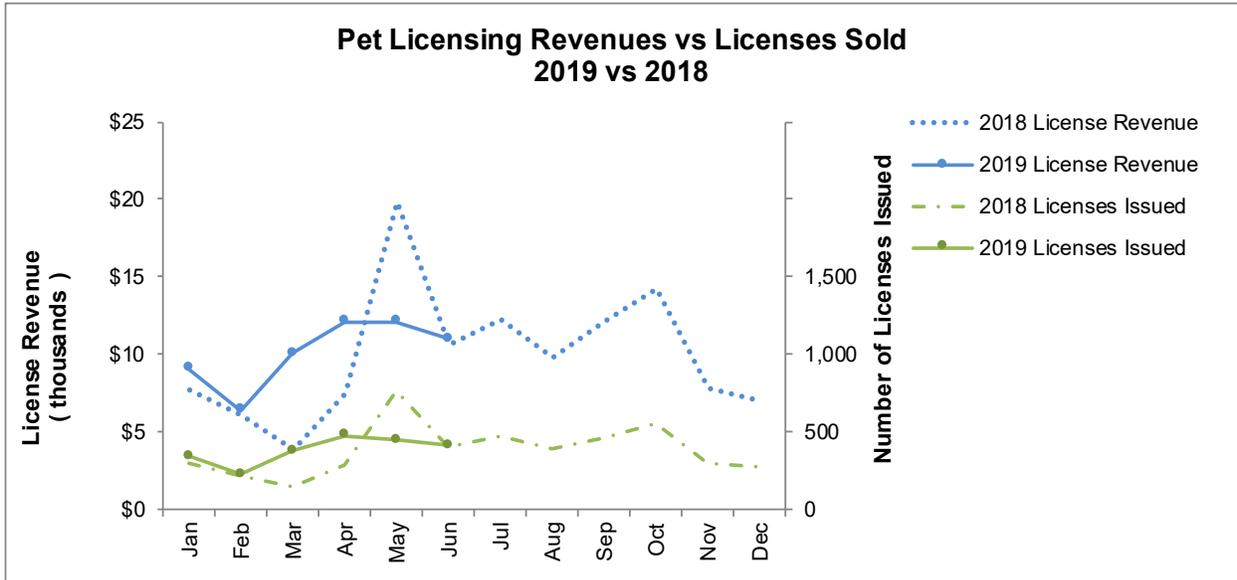
Real Estate Excise Tax Revenues							
June 2019							
Month	2018 Actual	2019 Budget	2019 Actual	2019 vs. 2018		2019 vs. Budget	
				Amount	Percentage	Amount	Percentage
Jan	\$ 240,414	\$ 210,100	\$ 383,547	\$ 143,132	59.5 %	\$ 173,447	82.6 %
Feb	200,783	210,100	206,022	5,239	2.6 %	(4,078)	(1.9) %
Mar	255,218	210,100	229,181	(26,037)	(10.2) %	19,081	9.1 %
Apr	362,999	210,100	315,855	(47,144)	(13.0) %	105,755	50.3 %
May	427,054	210,100	372,394	(54,661)	(12.8) %	162,294	77.2 %
Jun	371,816	210,100	478,537	106,720	28.7 %	268,437	127.8 %
YTD Total	\$ 1,858,286	\$ 1,260,600	\$ 1,985,536	\$ 127,250	6.8 %	\$ 724,936	57.5 %





Pet Licensing

Pet licensing services are provided by the Auburn Valley Humane Society. Through Q2-2019, 2,277 pet licenses were sold, resulting in \$60,735 in revenue. Through Q2-2018 a total of 2,112 licenses were sold, resulting in \$55,525 in revenue.



Street Funds

This section provides a financial overview of the City’s three street funds for the quarter ending June 30, 2019. The City’s three street funds include the Arterial Street Fund (Fund 102), the Local Street Fund (Fund 103), and the Arterial Street Preservation Fund (Fund 105).

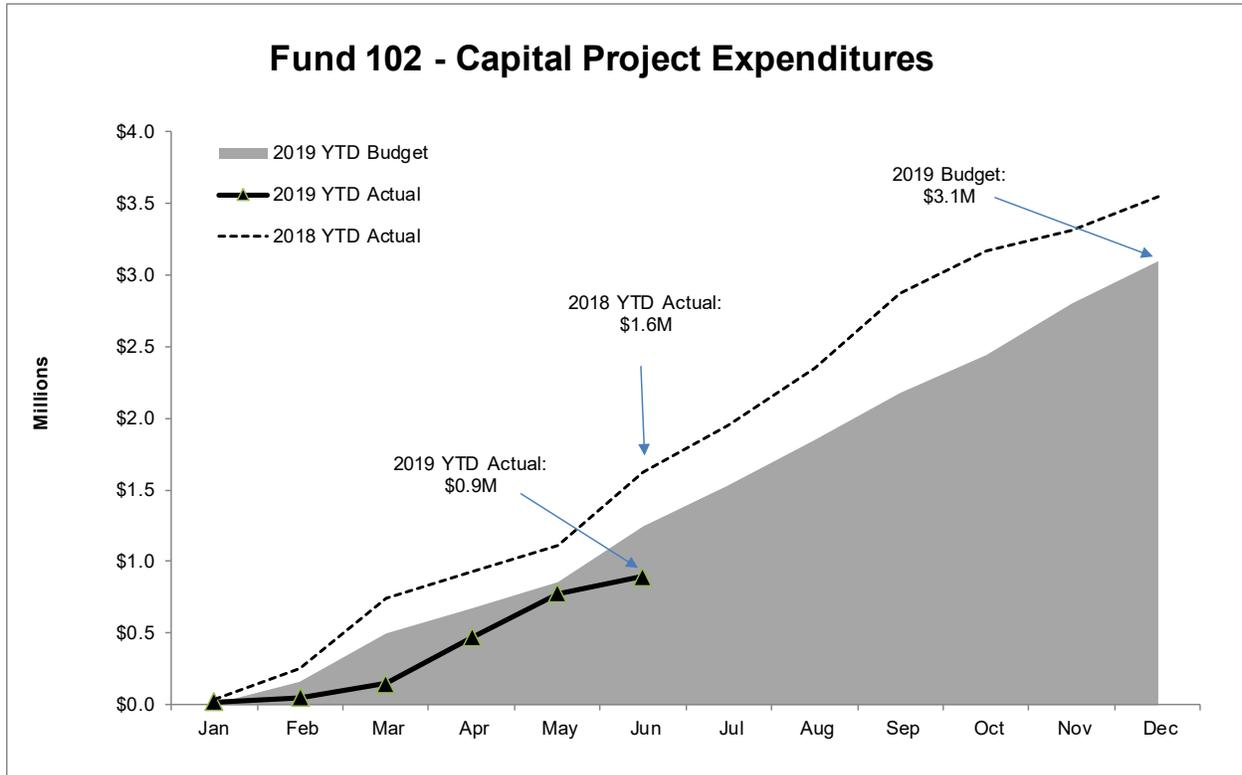
Fund 102 – Arterial Street Fund

The Arterial Street Fund is a special revenue fund that is funded by transportation grants, traffic impact fees, a portion of the City’s gas tax receipts, Public Works Trust Fund loans, developer contributions, and other sources. As of June 30, 2019 there were 29 separate street projects budgeted in this fund.

Through Q2-2019, revenues collected totaled \$1.1 million as compared to collections of \$1.3 million through Q2-2018. Total expenditures through Q2-2019 were \$1.2 million as compared to \$2.1 million expended through Q2-2018. Variances in revenues and expenditures are largely due to the timing of capital expenditures and any subsequent reimbursement via grants and/or operating transfers. Expenditure timing is generally determined by the current phase of each individual capital project; expenditures tend to increase as projects move from design phase into construction. In addition, several inclement weather situations during Q1-2019 were not conducive to street construction.

Fund 102 - Arterial Street Summary of Sources and Uses Report Period: June 2019	2019			2018	2019 YTD Budget vs. Actual	
	2019 Budget	2019 YTD Budget	2019 YTD Actual	2018 YTD Actual	Favorable (Unfavorable)	
					Amount	Percentage
Revenues						
Federal Grants	\$ 1,001,381	\$ 297,173	\$ 382,510	\$ 323,675	\$ 85,338	28.7 %
State Grants	-	-	-	-	-	
Motor Vehicle Fuel and Multimodal Taxes	620,000	290,054	292,256	303,360	2,202	0.8 %
Developer Contributions	-	-	-	-	-	
Miscellaneous Revenue	-	-	-	1,313	-	
Operating Transfer In	1,367,060	598,272	417,552	613,996	(180,720)	(30.2) %
Investment Income	28,300	12,231	22,526	14,465	10,295	84.2 %
Total Revenues	\$ 3,016,741	\$ 1,197,730	\$ 1,114,845	\$ 1,256,809	\$ (82,885)	(6.9) %
Expenditures						
Salary and Benefits	\$ 132,000	\$ 69,639	\$ 133,674	\$ 196,445	\$ (64,035)	(92.0) %
Capital Outlay	2,964,858	1,048,075	760,234	1,431,033	287,841	27.5 %
Subtotal - Capital Project Expenditures	3,096,858	1,117,714	893,908	1,627,477	223,806	20.0 %
Services and Charges	400,000	115,798	44,422	170,642	71,376	61.6 %
Interfund Payments for Services	78,100	39,050	39,050	39,432	(0)	(0.0) %
Debt Service Principal and Interest	208,300	208,300	208,122	208,817	178	0.1 %
Operating Transfer Out	68,196	22,732	53,933	15,490	(31,201)	(137.3) %
Total Expenditures	\$ 3,851,454	\$ 1,503,594	\$ 1,239,435	\$ 2,061,858	\$ 264,159	17.6 %
Net Change in Fund Balance	\$ (834,713)	\$ (305,864)	\$ (124,590)	\$ (805,049)	\$ 181,274	(59.3) %

Beg. Fund Balance, January 2019	\$ 2,104,190
Net Change in Fund Balance, June 2019	(124,590)
Ending Fund Balance, June 2019	\$ 1,979,600
2019 Budgeted Ending Fund Balance	\$ 1,269,477



The table below presents the status of the projects with the most significant budget impact on the fund. Many capital projects are budgeted over multiple years; what is displayed below is the 2019 portion of each project’s budget and year-to-date expenditures.

Fund 102 - Arterial Street			
Capital Projects Status *			
Name	2019 Budget	YTD Actual	Remaining
A St SE Corridor Signal Safety & Op. Imp.	\$0.4M	\$0.4M	\$0.0M
Evergreen Heights Safe Routes to School	\$0.3M	\$0.0M	\$0.3M
A St SE & 37th St SE	\$0.2M	\$0.1M	\$0.1M
All Other Projects (26 Others Budgeted)	\$2.2M	\$0.5M	\$1.7M
Total	\$3.1M	\$0.9M	\$2.2M

*Components may not sum to total due to rounding.

Notes:

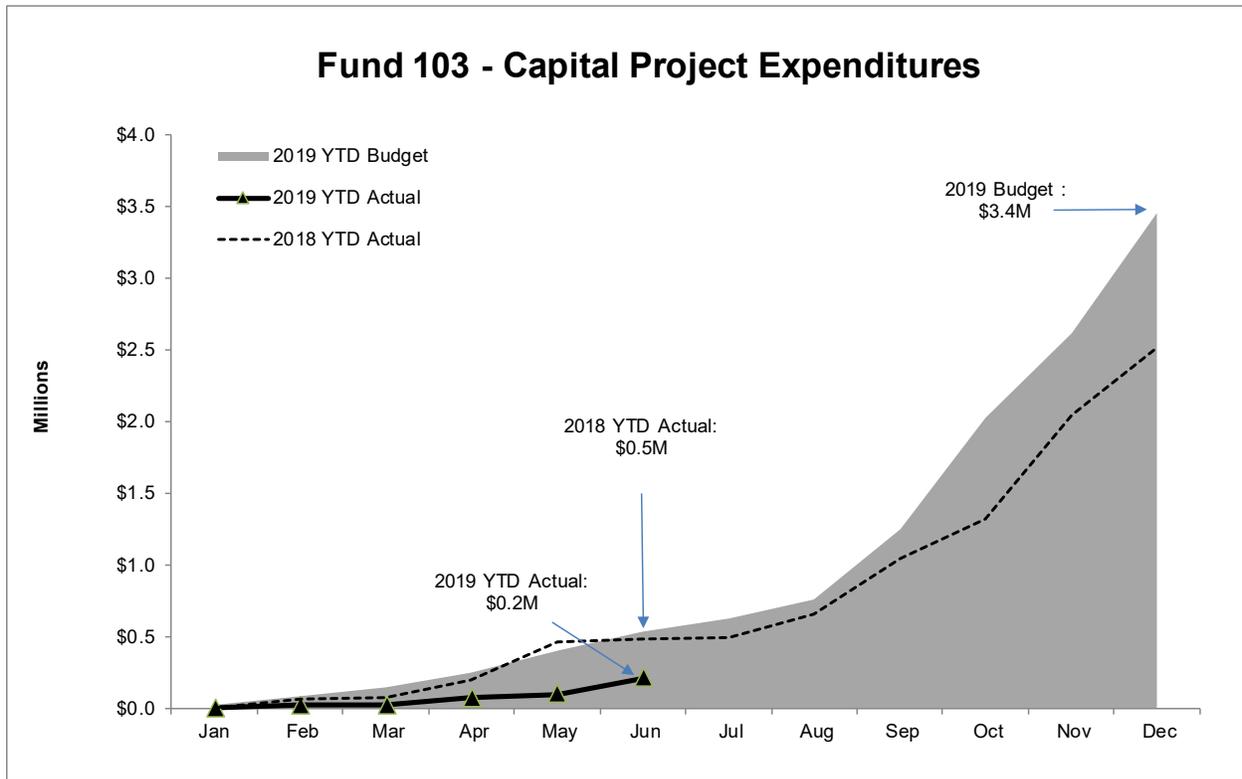
- The numbers above do not include the effects of Budget Adjustment #3, which will be included in the Q3-2019 financial report. This added a recent grant and matching funds for the Auburn Way South Corridor Widening Project in the amount of \$1.5M for the design phase.
- Several large multi-year projects are reaching completion of construction in 2019 and several large projects are beginning design, with construction anticipated in 2020.

Fund 103 – Local Street Fund

The Local Street Fund is a special revenue fund used for local street preservation. Effective January 1, 2019 through 2020 this fund is funded at a specific annual amount by real estate excise tax (REET 2) whereas, previously, the funding source was sales tax on construction. Through Q2-2019, revenues in this fund totaled \$1.1 million, which is slightly higher than budget expectations due to strong performance in interest earnings. This compares to collections of \$1.3 million through Q2-2018. Expenditures through Q2-2019 were \$244,000 and compare to expenditures of \$563,000 through Q2-2018. Historically, well over half of this fund’s annual expenditures occur in the final four months of each year due to the weather sensitivity of pavement construction (this work needs to be done primarily in the summer and early fall). In addition, several inclement weather situations during Q1-2019 were not conducive to street construction. Highlighted in the table below and shown in the following graph are the fund’s total expenditures related to capital projects.

Fund 103 - Local Street Fund Summary of Sources and Uses Report Period: June 2019	2019			2018	2019 YTD Budget vs. Actual	
	2019 Budget	2019 YTD Budget	2019 YTD Actual	2018 YTD Actual	Favorable (Unfavorable) Amount	Percentage
Revenues						
Sales Tax on Construction	\$ -	\$ -	\$ -	\$ 1,139,316	\$ -	
Operating Transfer In	1,900,000	1,025,000	\$ 1,025,000	150,000	-	0.0 %
Interest Earnings	12,000	4,798	\$ 38,720	28,630	33,922	707.0 %
Total Revenues	\$ 1,912,000	\$ 1,029,798	\$ 1,063,720	\$ 1,317,946	\$ 33,922	3.3 %
Expenditures						
Capital Salary and Benefits	231,616	114,802	17,168	-	97,634	85.0 %
Capital Outlay	3,217,860	601,052	209,640	487,757	391,412	65.1 %
Subtotal - Capital Project Expenditures	3,449,476	715,854	226,808	487,757	489,046	68.3 %
Admin Salary and Benefits	-	-	8,778	66,926	\$ (8,778)	
Admin Services and Charges	40,700	19,676	357	2,236	19,320	98.2 %
Interfund Payments for Services	15,200	7,600	7,600	6,120	(0)	(0.0) %
Operating Transfer Out	-	-	-	145	-	
Total Expenditures	\$ 3,505,376	\$ 743,130	\$ 243,542	\$ 563,184	\$ 499,588	67.2 %
Net Change in Fund Balance	\$ (1,593,376)	\$ 286,668	\$ 820,178	\$ 754,762	\$ 533,510	186.1 %

Beg. Fund Balance, January 2019	\$	2,550,256
Net Change in Fund Balance, June 2019		820,178
Ending Fund Balance, June 2019	\$	3,370,434
2019 Budgeted Ending Fund Balance	\$	956,880



The table below presents the status of the projects with the most significant budget impact on the fund. Many capital projects are budgeted over multiple years; what is displayed below is the 2019 portion of each project’s budget and year-to-date expenditures.

Fund 103 - Local Street			
Capital Projects Status*			
Name	2019 Budget	YTD Actual	Remaining
2019 Local Street Reconstruction	\$2.6M	\$0.1M	\$2.4M
2018 Citywide Pavement Patch and Overlay	\$0.5M	\$0.1M	\$0.4M
2018 Local Street Pavement Reconstruction	\$0.3M	\$0.0M	\$0.2M
All Other Projects (1 Other Budgeted)	\$0.2M	\$0.0M	\$0.2M
Total	\$3.4M	\$0.2M	\$3.2M

*Components may not sum to total due to rounding.

Notes:

- The 2019 Local Street Pavement Reconstruction project was awarded June 17, 2019.

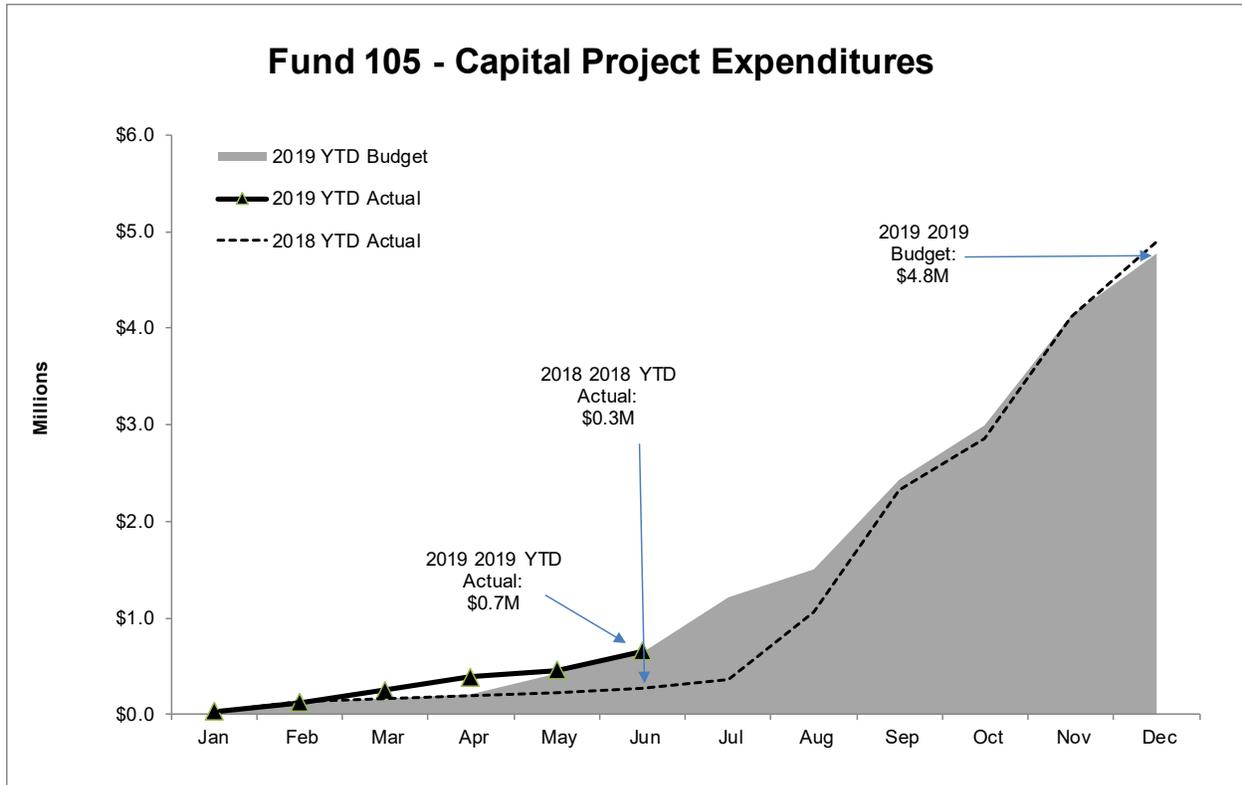
Fund 105 – Arterial Street Preservation Fund

The Arterial Street Preservation Fund is a special revenue fund that is primarily funded by a 1.0% utility tax that was adopted by Council in 2008; these utility tax revenues are restricted for arterial street repair and preservation projects. Major projects budgeted within the Arterial Street Preservation Fund in 2019 include A Street SE Preservation, 2019 Citywide Pavement Patching & Overlay, and 2018 Citywide Pavement Patching & Overlay. Through Q2-2019 revenues totaled \$1.4 million, which is approximately \$222,000 higher than the same period last year and \$45,000 higher than budget expectations.

Expenditures through Q2-2019 were \$657,000 as compared to \$266,000 through Q2-2018. Historically, the majority of this fund’s expenditures occur in the second half of each year due to the weather sensitivity of pavement construction (this work needs to be done primarily in the summer and early fall). In addition, several inclement weather situations during Q1-2019 were not conducive to street construction. Highlighted in the table below and shown in the following graph are the fund’s total expenditures related to capital projects.

Fund 105 - Arterial Street Preservation Summary of Sources and Uses Report Period: June 2019	2019			2018	2019 YTD Budget vs. Actual	
	2019	2019 YTD	2019 YTD	2018 YTD	Favorable (Unfavorable)	
	Budget	Budget	Actual	Actual	Amount	Percentage
Revenues						
City Utility Tax	\$ 674,600	\$ 327,158	\$ 327,598	\$ 308,195	\$ 440	0.1 %
Electric Utility Tax	711,600	383,718	388,080	409,718	4,362	1.1 %
Natural Gas Utility Tax	201,600	136,067	125,730	139,803	(10,337)	(7.6) %
Cable TV Tax	190,100	94,864	97,891	103,243	3,027	3.2 %
Telephone Utility Tax	235,600	121,706	95,747	126,231	(25,959)	(21.3) %
Garbage Utility Tax (External Haulers)	22,400	11,200	12,000	10,746	800	7.1 %
Grants	940,511	57,050	58,914	68,224	1,863	3.3 %
Operating Transfer In	746,279	248,760	310,802	33,845	62,042	24.9 %
Interest Earnings	29,800	14,900	24,102	19,095	9,202	61.8 %
Total Revenues	\$ 3,752,490	\$ 1,395,423	\$ 1,440,863	\$ 1,219,099	\$ 45,440	3.3 %
Expenditures						
Salary and Benefits	\$ 241,000	\$ 110,750	\$ 253,618	\$ 170,299	\$ (142,868)	(129.0) %
Capital Outlay	4,530,722	904,438	403,448	95,379	500,990	55.4 %
Subtotal - Capital Project Expenditures	4,771,722	1,015,188	657,066	265,678	358,122	35.3 %
Supplies	-	-	-	-	-	
Services and Charges	165,000	-	-	-	-	
Operating Transfer Out	26,831	8,944	-	-	8,944	100.0
Total Expenditures	\$ 4,963,553	\$ 1,024,132	\$ 657,066	\$ 265,678	\$ 367,066	35.8 %
Net Change in Fund Balance	\$ (1,211,063)	\$ 371,292	\$ 783,798	\$ 953,421	\$ 412,506	111.1 %

Beg. Fund Balance, January 2019	\$ 2,580,480
Net Change in Fund Balance, June 2019	783,798
Ending Fund Balance, June 2019	\$ 3,364,278
2019 Budgeted Ending Fund Balance	\$ 1,369,417



The table below presents the status of the projects with the most significant budget impact on the fund. Many capital projects are budgeted over multiple years; what is displayed below is the 2019 portion of each project’s budget and year-to-date expenditures.

Fund 105 - Arterial Street Preservation			
Capital Projects Status*			
Name	2019 Budget	YTD Actual	Remaining
A Street SE Preservation	\$1.8M	\$0.0M	\$1.8M
2019 Citywide Pavement Patching & Overlay	\$1.0M	\$0.1M	\$1.0M
2018 Citywide Pavement and Patching Overlay	\$0.9M	\$0.2M	\$0.7M
All Other Projects (8 Others Budgeted)	\$1.0M	\$0.4M	\$0.6M
Total	\$4.8M	\$0.7M	\$4.1M

*Components may not sum to total due to rounding.

Notes:

- The A Street SE Preservation project was awarded June 3, 2019.
- The 2019 Citywide Patch and Overlay project was awarded May 6, 2019.

Fund 124 – Mitigation Fees

The Mitigation Fees fund is a special revenue fund funded from revenues from fees for new development that are assessed at the time applications are received for development activity. These revenues are used to address costs associated with City growth.

The fund houses two types of revenues: mitigation fees and impact fees. Mitigation fees are variable charges collected as a result of State Environmental Policy Act (SEPA) reviews and the City’s determination that a project must pay additional fees to compensate for a unique effect that it has on the community. Impact fees are set charges collected automatically for a variety of projects. These fees are adopted annually by the City Council based on projects anticipated in the Capital Facilities Plan over the next six years.

About \$1.6 million, or nearly 100%, of annual budgeted revenues were received through Q2-2019. This significant favorable revenue performance was driven by the receipt of nearly \$600,000 in traffic impact fee revenue in Q2 from the Young’s Market truck warehouse and distribution center. Additionally, a transfer-in of approximately \$400,000 was completed in May to pay for traffic mitigation fees related to the Legacy Senior Housing Project and the Auburn Town Center.

Expenditures were significantly below budget due to the timing of capital projects funded by these revenues. Of the twelve projects funded by parks impact fee revenues, only the Brannan Park Synthetic Infield project has seen significant progress. There are three projects budgeted with parks impact fee funding of at least \$500,000 that have had minimal expenditures. A substantial portion of the year-to-date expenditures of transportation impact fee revenue consists of scheduled debt service payments.

Fund 124 - Mitigation Fees Summary of Sources and Uses	BUDGET			YTD ACTUALS		
	Revenues	Expenditures	Ending Fund Balance	Revenues	Expenditures	Ending Fund Balance
Transportation Impact Fees	\$ 800,000	\$ 1,189,129	\$ 5,115,601	\$ 963,003	\$ 317,552	\$ 5,980,184
Transportation Mitigation Fees	-	51,100	67,905	1,353	-	120,961
Fire Impact Fees	100,000	75,000	212,773	45,674	-	277,432
Fire Mitigation Fees	-	-	81	-	-	81
Parks Impact Fees	100,000	2,457,077	3,086,936	38,500	296,997	5,332,299
Parks Mitigation Fees	-	300,000	40,702	-	-	341,614
School Impact Admin Fees	1,200	-	58,515	628	-	67,212
Wetland Mitigation Fees	-	36,600	33,861	-	-	70,972
Interest and Investment Income	195,000	-	195,000	148,112	-	148,112
Fees in Lieu of Improvements	-	100,000	24,413	-	100,000	25,634
Operating Transfers-In	416,200	-	416,200	398,528	-	398,528
Total	\$ 1,612,400	\$ 4,208,906	\$ 9,251,987	\$ 1,595,797	\$ 714,550	\$ 12,763,028

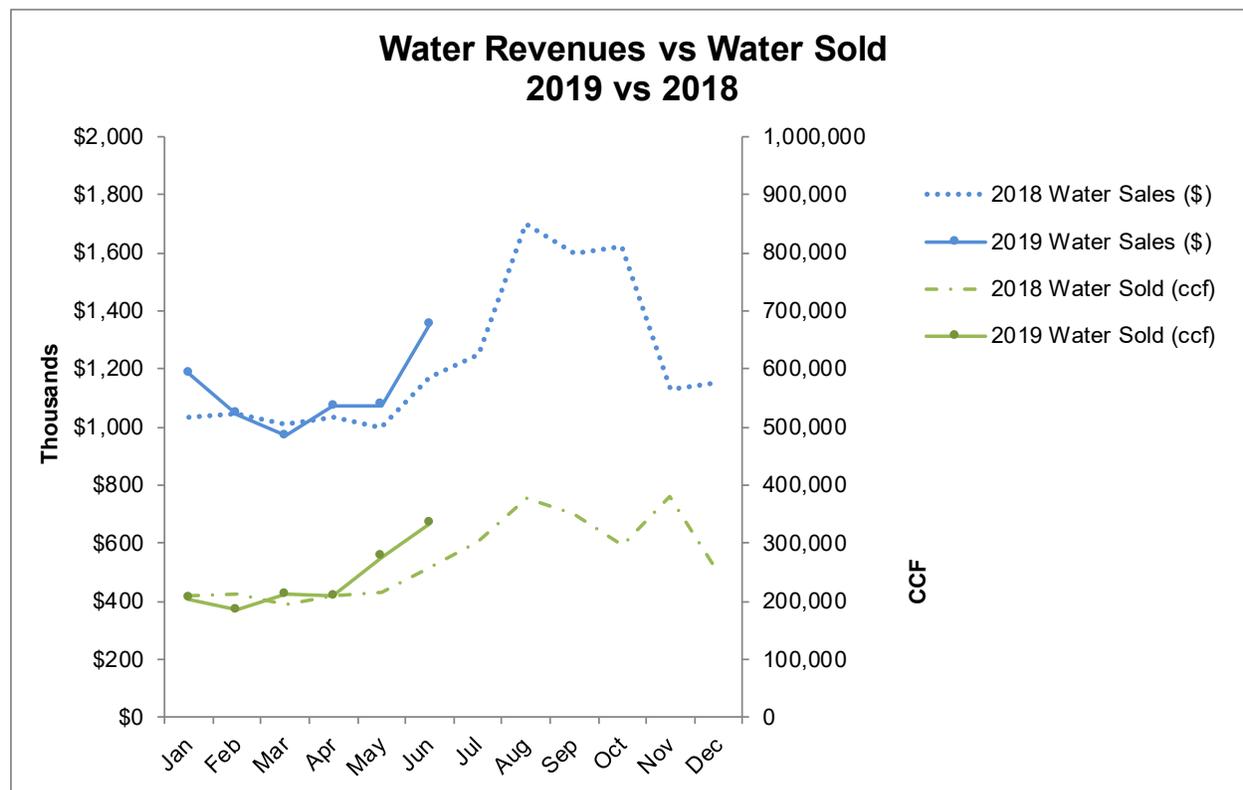
Beginning Fund Balance, January 2019	\$ 11,881,781
Net Change in Fund Balance, June 2019	881,248
Ending Fund Balance, June 2019	\$ 12,763,028
2019 Budgeted Ending Fund Balance	\$ 9,251,987

Enterprise Funds

Detailed income and expense statements for Enterprise and Internal Service funds can be found in an attachment at the end of this report. The attachment provides operating and – as applicable – capital fund reports for these funds showing budget, actuals, and variances. Operating funds house all the operating costs along with debt service and financing obligations. Capital funds show costs associated with capital acquisition and construction. Both the operating and capital funds have a working capital balance. This approach isolates those funds available for capital and cash flow needs for daily operations, and project managers will know exactly how much working capital is available for current and planned projects.

Through Q2-2019 the **Water Utility** had operating income of \$2.4 million as compared to \$2.1 million through Q2-2018. Total Water Fund operating revenues were \$424,000 higher than in Q2-2018, mainly due to strong performance in water sales and interest income. Water sales revenue is directly impacted by the rate changes, which were implemented across all water consumption categories. Operating expenditures through Q2-2019 were up \$112,000, or 2.5% from Q2-2018. This variance is mainly due to increases in personnel costs and to increased interfund taxes associated with utility revenues.

Water sales by volume through June 2019 totaled 1.4 million hundred cubic feet (ccf) as compared to 1.3 million ccf through June 2018, an increase of 9.2%. Total consumption was up across all customer categories except school and wholesale. Large increases were also seen in single family and commercial usage. While overall consumption has increased compared to the same period last year, the Water utility has seen a general trend of decreased year-over-year consumption *per account* due largely to conservation efforts and appliance efficiency improvements.



The **Sewer Utility** finished Q2-2019 with operating income of \$1.5 million as compared to \$1.0 million through Q2-2018. Increased revenues from charges for City sewer service following the rate adjustment in January 2019 account for about half of the favorable variance; the remainder consists mainly of a \$203,000 refund from the Department of Revenue for overpayment of excise tax.

Year-to-date operating expenditures in the Sewer Utility are nearly equal to Q2-2018, and the percentage of annual expenditure budget used is less than 1% different (43.5% of budget used, versus 43.2% through Q2-2018). Budget usage through the second quarter has remained consistent for the last several years.

Through Q2-2019, the **Stormwater Utility** had operating income of \$1.5 million compared with \$1.3 million through Q2-2018. Operating revenues are up \$165,000 compared to Q2-2018 due to charges for City storm service, which saw increases to all non-single family variable rates, as well as from strong investment income performance.

Operating expenditures in the Stormwater Utility are down \$103,000 from Q2-2018, contributing to the higher operating income noted above. Factors contributing to this include a decrease in spending on repairs and maintenance and the timing of certain intergovernmental payments.

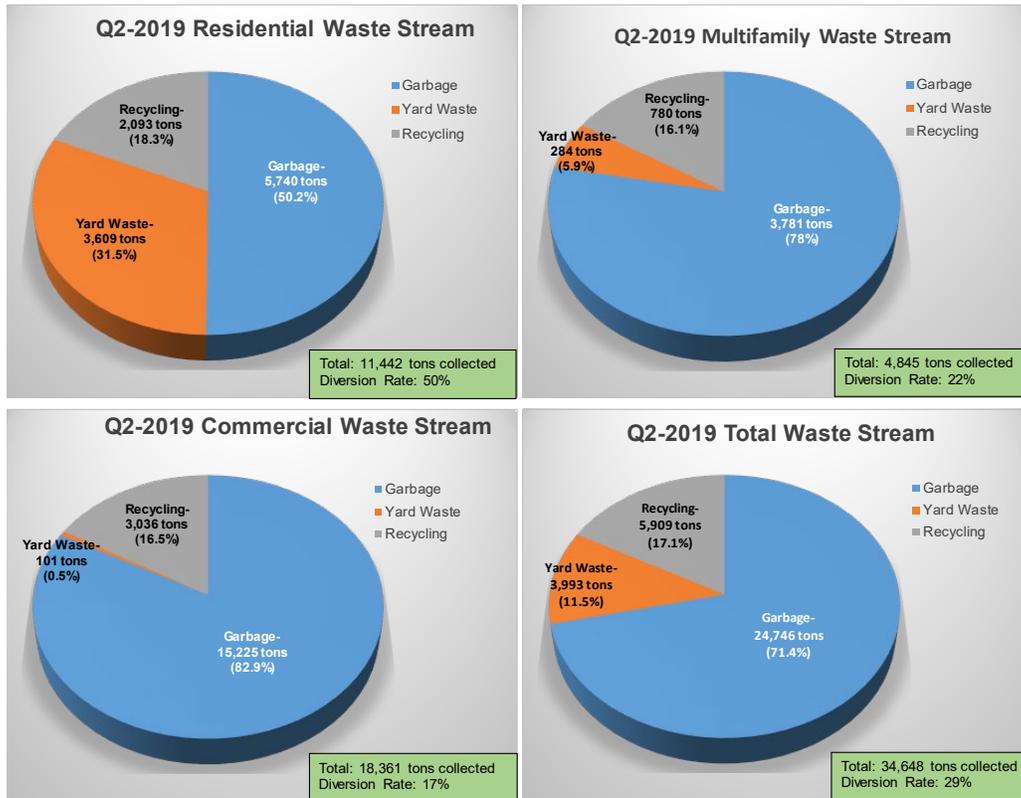
Through Q2-2019 the **Solid Waste Utility** Fund had \$8.0 million in operating revenues, compared to \$7.7 million in operating expenditures. The City of Auburn's Solid Waste services are outsourced to Waste Management and to Republic Services, who manages the contract for the annexed areas. As of June 2019, Waste Management serviced 15,498 customers (79% of customers) and Republic Services serviced 4,117 customers (21% of customers).

The current mix of solid waste customer account types is:

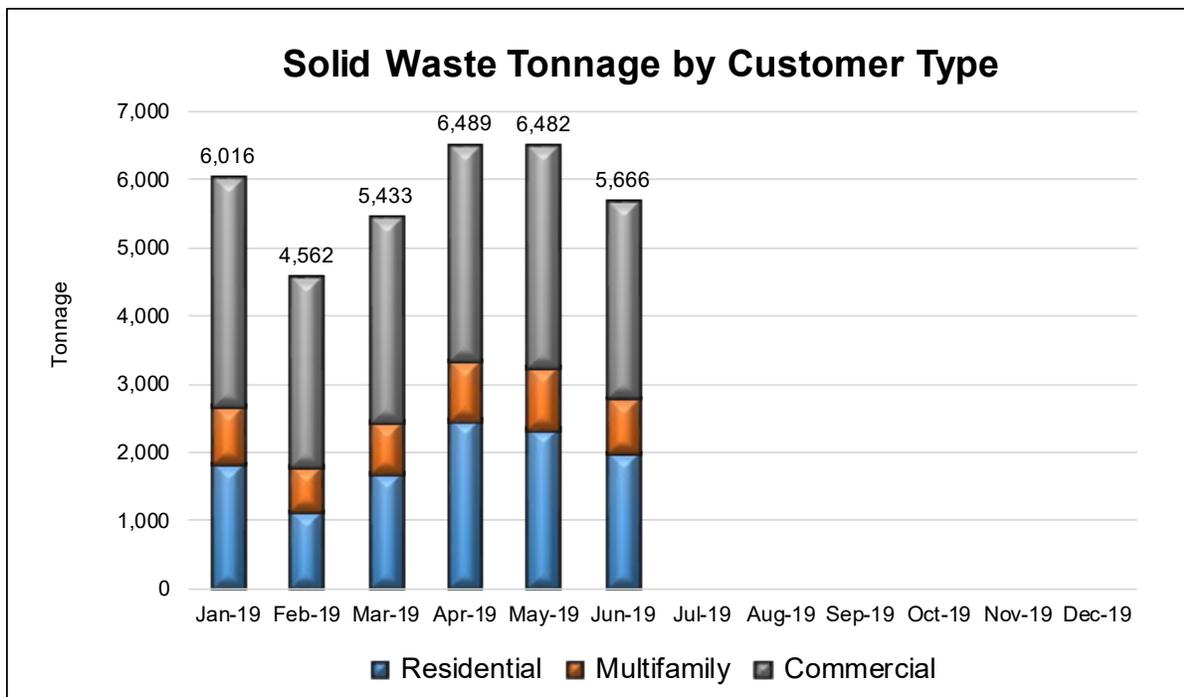
- 89.7% Residential
- 7.8% Commercial
- 2.5% Multifamily

The "diversion rate" is a measure of how much generated waste is not sent to the landfill; i.e., waste that is either recycled or collected yard waste. Through Q2-2019, the total diversion rate was 28.6%, which represents a total of 9,900 tons of waste that was diverted from landfills.

2019 Tons Collected and Diversion Rates:



Of the total tonnage collected through Q2-2019, 33% was collected from residential customers, 14% from multifamily customers, and 53% from commercial customers, as shown in the following graph.

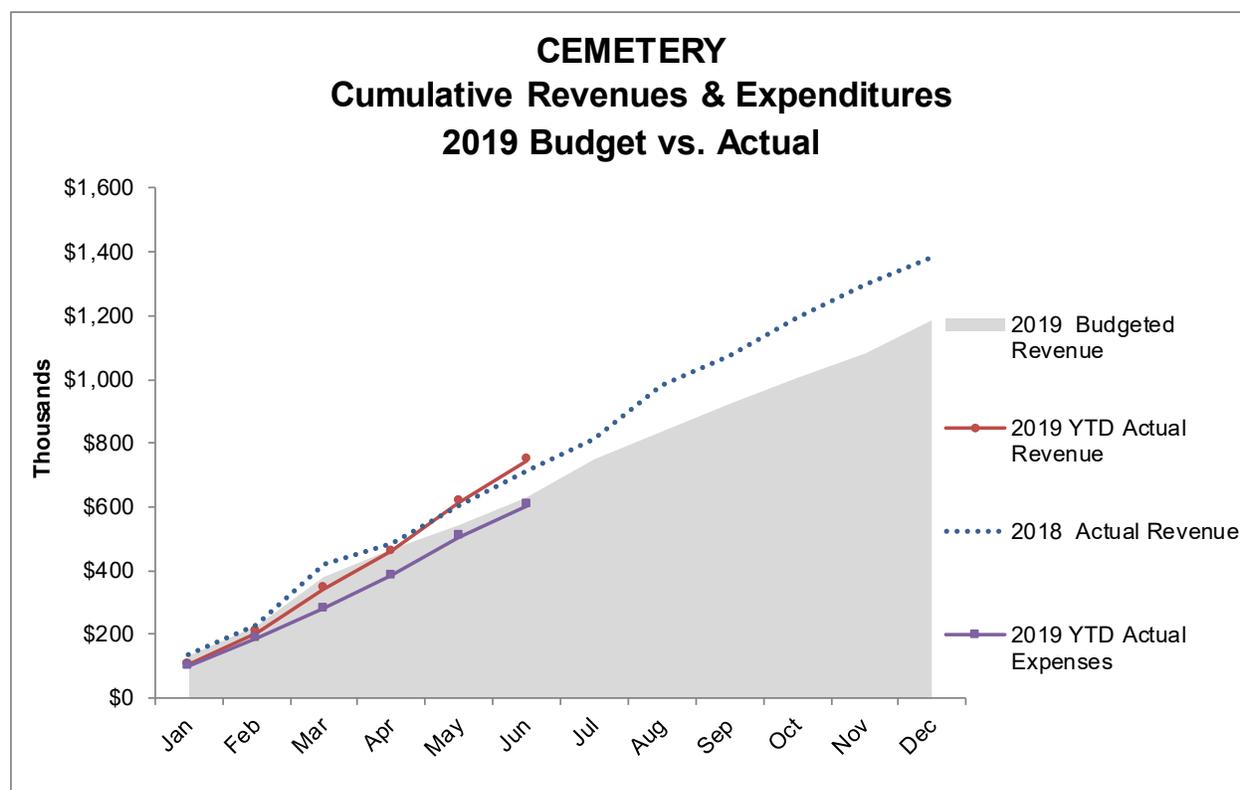


Since January 1, 2016 the Auburn Municipal Airport has been managed by the City of Auburn’s Public Works Department. Starting January 1, 2019 the City transitioned from contracted management services through a third-party management company (AMG) and began management of the Airport with in-house staffing.

The **Airport Fund** finished Q2-2019 with operating income of \$239,000 as compared with operating income of \$146,000 through Q2-2018. Operating revenues in the Airport Fund are up \$223,000 over Q2-2018, largely due to sales of aviation fuel. Aviation fuel was previously sold by AMG, with a portion of the profit remitted to the City. Currently the City sells fuel directly, and recovers all associated revenue.

Operating expenditures in the Airport Fund through Q2-2019 have increased by \$130,000 over the same period last year. A significant portion of this increase is due to the purchase of aviation fuel for resale; the balance represents interfund charges related to City internal services, public utility costs, and interfund transfers to fund one-time technology and vehicle purchases.

Through Q2-2019, the **Cemetery Fund** experienced operating income of \$115,000 as compared with an operating income of \$111,000 through Q2-2018. While sales of lots have decreased from 2018, this is offset by increases in openings/closings and sales of liners and markers. Overall, operating revenues are up by \$32,000, or 4.6% while operating expenditures are up \$29,000, or 4.8%, from the same period last year.



Internal Service Funds

Operating expenditures within the **Insurance** Fund represent the premium cost pool that will be allocated monthly to other City funds over the course of 2019. As a result, the expenditure balance gradually diminishes each month throughout the year.

No significant variances are reported in the **Workers’ Compensation, Facilities, Innovation & Technology**, or **Equipment Rental** Funds.

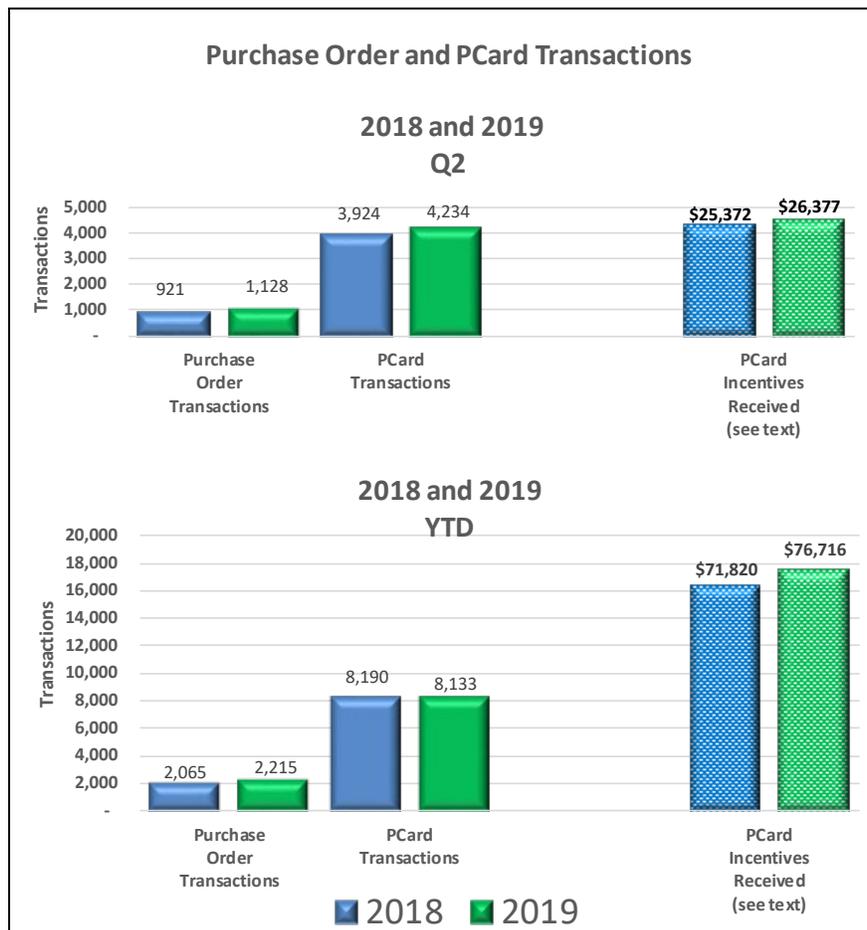
Investment Portfolio

The City’s total cash and investments at the end of the Q2-2019 totaled \$147.8 million, and compares to \$140.3 million at the end of Q1-2019. **[attachment]**

P-Card Statistics

The City has been actively promoting the use of P-Cards in lieu of purchase orders to minimize effort and maximize incentive payments from the vendor and the State. In Q2-2019, 4,234 P-Card transactions were processed as compared with 1,128 purchase order transactions.

Total incentive payments received from US Bank in Q1-2019 totaled \$26,377. These are estimated payments since the quarterly rebate checks are not actually received until the next quarter. Additionally, there is an annual incentive payment from the State that is received in Q2 of each year. The annual State incentive payment for 2018 was \$27,723 and was received in April of 2019.



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 Jamie Thomas at jdthomas@auburnwa.gov.

**City of Auburn
Investment Portfolio Summary
June 30, 2019**

Investment Type	Purchase Date	Book Value	Maturity Date	Yield to Maturity
State Investment Pool	Various	\$ 100,953,718	Various	2.51%
KeyBank Money Market	Various	4,718,600	Various	0.15%
OpusBank Public Interest Acct	Various	10,346,908	Various	2.56%
FHLB	2/28/2018	2,001,840	2/28/2023	2.65%
FFCB	5/21/2018	1,997,160	10/21/2019	2.48%
FAMCA	6/27/2018	1,999,940	7/16/2020	2.50%
FFCB	7/16/2018	2,000,620	7/16/2020	2.60%
TX ST-BABs-A	8/8/2018	1,761,620	4/1/2020	2.68%
FFCB	8/27/2018	2,004,660	2/23/2021	2.70%
RFCSP	10/5/2018	5,032,674	10/15/2019	2.69%
RFCSP	12/14/2018	5,012,903	7/15/2020	2.73%
RFCSP	2/19/2019	4,999,824	1/15/2021	2.52%
RFCSP	5/9/2019	4,999,802	10/15/2020	2.23%
Total Cash & Investments		<u><u>\$ 147,830,269</u></u>		<u><u>2.447%</u></u>

Investment Mix	% of Total	Summary	
State Investment Pool	68.3%	Current 6-month treasury rate	2.17%
KeyBank Money Market	3.2%	Current State Pool rate	2.51%
OpusBank Public Interest Acct	7.0%	KeyBank Money Market	0.15%
FHLB	1.4%	OpusBank Public Interest Acct	2.56%
FFCB	4.1%	Blended Auburn rate	2.45%
FAMCA	1.4%		
TX ST-BABs-A	1.2%		
RFCSP	13.6%		
	<u><u>100.0%</u></u>		

SALES TAX SUMMARY
JUNE 2019 SALES TAX DISTRIBUTIONS (FOR APRIL 2019 RETAIL ACTIVITY)

NAICS	CONSTRUCTION	2018 Annual Total (Nov '17-Oct '18)	2018 YTD (Nov '17-Apr -18)	2019 YTD (Nov '18-Apr 19)	YTD % Diff
236	Construction of Buildings	1,257,918	655,180	470,003	-28.3%
237	Heavy and Civil Construction	170,543	68,876	70,664	2.6%
238	Specialty Trade Contractors	881,157	415,260	410,317	-1.2%
TOTAL CONSTRUCTION		\$ 2,309,617	\$ 1,139,316	\$ 950,985	-16.5%
<i>Overall Change from Previous Year</i>				\$ (188,331)	

NAICS	MANUFACTURING	2018 Annual Total (Nov '17-Oct '18)	2018 YTD (Nov '17-Apr -18)	2019 YTD (Nov '18-Apr 19)	YTD % Diff
311	Food Manufacturing	7,745	3,217	4,736	47.2%
312	Beverage and Tobacco Products	12,379	6,214	6,402	3.0%
313	Textile Mills	559	297	145	-51.3%
314	Textile Product Mills	1,860	760	1,475	94.1%
315	Apparel Manufacturing	347	145	281	94.0%
316	Leather and Allied Products	221	24	205	747.9%
321	Wood Product Manufacturing	16,224	6,628	6,675	0.7%
322	Paper Manufacturing	12,982	4,093	7,137	74.4%
323	Printing and Related Support	46,020	24,501	20,787	-15.2%
324	Petroleum and Coal Products	9,780	5,511	3,908	-29.1%
325	Chemical Manufacturing	12,512	5,868	5,056	-13.8%
326	Plastics and Rubber Products	8,844	4,791	3,413	-28.8%
327	Nonmetallic Mineral Products	21,776	7,698	10,175	32.2%
331	Primary Metal Manufacturing	4,065	683	26,883	3837.5%
332	Fabricated Metal Product Manuf	26,115	11,740	17,367	47.9%
333	Machinery Manufacturing	24,283	13,530	13,273	-1.9%
334	Computer and Electronic Product	7,184	3,481	2,080	-40.2%
335	Electric Equipment, Appliances	791	346	122	-64.9%
336	Transportation Equipment Man	488,093	214,293	233,575	9.0%
337	Furniture and Related Products	19,899	10,490	12,726	21.3%
339	Miscellaneous Manufacturing	32,607	15,698	18,548	18.2%
TOTAL MANUFACTURING		\$ 754,285	\$ 340,007	\$ 394,967	16.2%
<i>Overall Change from Previous Year</i>				\$ 54,961	

NAICS	TRANSPORTATION AND WAREHOUSING	2018 Annual Total (Nov '17-Oct '18)	2018 YTD (Nov '17-Apr -18)	2019 YTD (Nov '18-Apr 19)	YTD % Diff
481	Air Transportation	3	0	0	N/A
482	Rail Transportation	25,453	13,351	11,065	-17.1%
484	Truck Transportation	26,564	2,780	7,642	174.9%
485	Transit and Ground Passengers	56	34	24	-30.4%
488	Transportation Support	52,211	27,619	19,364	-29.9%
491	Postal Service	1,007	659	367	-44.3%
492	Couriers and Messengers	1,359	1,074	144	-86.6%
493	Warehousing and Storage	13,554	7,474	5,541	-25.9%
TOTAL TRANSPORTATION		\$ 120,208	\$ 52,991	\$ 44,147	-16.7%
<i>Overall Change from Previous Year</i>				\$ (8,844)	

NAICS	WHOLESALE TRADE	2018 Annual Total (Nov '17-Oct '18)	2018 YTD (Nov '17-Apr -18)	2019 YTD (Nov '18-Apr 19)	YTD % Diff
423	Wholesale Trade, Durable Goods	1,147,872	603,177	571,144	-5.3%
424	Wholesale Trade, Nondurable	315,956	139,479	136,350	-2.2%
425	Wholesale Electronic Markets	5,189	2,172	4,005	84.5%
TOTAL WHOLESALE		\$ 1,469,017	\$ 744,827	\$ 711,499	-4.5%
<i>Overall Change from Previous Year</i>				\$ (33,328)	

NAICS	AUTOMOTIVE	2018 Annual Total (Nov '17-Oct '18)	2018 YTD (Nov '17-Apr -18)	2019 YTD (Nov '18-Apr 19)	YTD % Diff
441	Motor Vehicle and Parts Dealer	3,843,704	1,887,904	1,834,132	-2.8%
447	Gasoline Stations	278,087	132,598	130,848	-1.3%
TOTAL AUTOMOTIVE		\$ 4,121,791	\$ 2,020,503	\$ 1,964,979	-2.7%
<i>Overall Change from Previous Year</i>				\$ (55,523)	

NAICS	RETAIL TRADE	2018 Annual Total (Nov '17-Oct '18)	2018 YTD (Nov '17-Apr -18)	2019 YTD (Nov '18-Apr 19)	YTD % Diff
442	Furniture and Home Furnishings	209,879	104,300	106,324	1.9%
443	Electronics and Appliances	229,028	112,421	142,182	26.5%
444	Building Material and Garden	576,468	252,997	303,155	19.8%
445	Food and Beverage Stores	387,928	183,687	191,447	4.2%
446	Health and Personal Care Store	420,087	201,383	226,861	12.7%
448	Clothing and Accessories	1,170,083	588,758	600,572	2.0%
451	Sporting Goods, Hobby, Books	220,869	109,173	126,609	16.0%
452	General Merchandise Stores	870,096	478,419	416,758	-12.9%
453	Miscellaneous Store Retailers	689,386	320,709	442,114	37.9%
454	Nonstore Retailers	267,088	149,165	117,659	-21.1%
TOTAL RETAIL TRADE		\$ 5,040,912	\$ 2,501,011	\$ 2,673,680	6.9%
<i>Overall Change from Previous Year</i>				\$ 172,669	

NAICS	SERVICES	2018 Annual Total (Nov '17-Oct '18)	2018 YTD (Nov '17-Apr -18)	2019 YTD (Nov '18-Apr 19)	YTD % Diff
51*	Information	637,625	332,048	327,241 ^a	-1.4%
52*	Finance and Insurance	140,135	71,874	69,284	-3.6%
53*	Real Estate, Rental, Leasing	367,824	184,859	221,094	19.6%
541	Professional, Scientific, Tech	253,684	120,935	160,837	33.0%
551	Company Management	16	5	27	487.1%
56*	Admin. Supp., Remed Svcs	423,760	192,566	245,412	27.4%
611	Educational Services	47,224	22,465	20,814	-7.4%
62*	Health Care Social Assistance	93,420	45,791	49,202	7.4%
71*	Arts and Entertainment	119,180	49,109	40,797	-16.9%
72*	Accommodation and Food Svcs	1,435,327	687,679	699,125	1.7%
81*	Other Services	560,054	271,126	292,755	8.0%
92*	Public Administration	150,574	63,924	647	-99.0%
TOTAL SERVICES		\$ 4,228,822	\$ 2,042,381	\$ 2,127,235	4.2%
<i>Overall Change from Previous Year</i>				\$ 84,854	

NAICS	MISCELLANEOUS	2018 Annual Total (Nov '17-Oct '18)	2018 YTD (Nov '17-Apr -18)	2019 YTD (Nov '18-Apr 19)	YTD % Diff
000	Unknown	0	0	0	N/A
111-115	Agriculture, Forestry, Fishing	3,656	1,737	2,950	69.9%
211-221	Mining & Utilities	26,370	9,996	11,349	13.5%
999	Unclassifiable Establishments	123,605	63,266	115,199	82.1%
TOTAL MISCELLANEOUS		\$ 153,632	\$ 74,998	\$ 129,498	72.7%
<i>Overall Change from Previous Year</i>				\$ 54,500	

NAICS	GRAND TOTAL	2018 Annual Total (Nov '17-Oct '18)	2018 YTD (Nov '17-Apr -18)	2019 YTD (Nov '18-Apr 19)	YTD % Diff
TOTAL		\$ 18,198,285	\$ 8,916,034	\$ 8,996,990	0.9%
<i>Overall Change from Previous Year</i>				\$ 80,957	

Total June 2019 Sales Tax Distributions	\$ 1,504,125
Dollar Increase from June 2018	\$ 142,107
Percent Increase from June 2018	10.4%
Comparisons:	
June 2018	\$ 1,362,018
June 2017	\$ 1,323,690

Includes Adjustments in excess of +/- \$10,000.

a. WA State Department of Revenue audit adjustment to sales tax returns for February 2019 Reporting (adjustment: \$14,165).

OPERATING & CAPITAL FUNDS	ENTERPRISE FUNDS											
	WATER			SEWER			SEWER METRO			STORM		
	Budget	YTD Actual	Variance	Budget	YTD Actual	Variance	Budget	YTD Actual	Variance	Budget	YTD Actual	Variance
Cash Basis through June 2019												
OPERATING FUND:												
OPERATING REVENUES												
Charges For Service	15,471,500	6,688,661	(8,782,839)	9,014,200	4,442,525	(4,571,675)	18,370,000	9,041,997	(9,328,003)	10,085,900	5,034,758	(5,051,142)
Grants	-	-	-	-	-	-	-	-	-	-	-	-
Interest Earnings	20,000	113,006	93,006	20,000	70,222	50,222	2,500	14,450	11,950	15,000	66,373	51,373
Rents, Leases, Concessions, & Other	187,000	100,412	(86,588)	70,000	238,166	168,166	-	-	-	56,000	38,178	(17,822)
TOTAL OPERATING REVENUES	15,678,500	6,902,079	(8,776,421)	9,104,200	4,750,913	(4,353,287)	18,372,500	9,056,447	(9,316,053)	10,156,900	5,139,309	(5,017,591)
OPERATING EXPENSES												
Salaries & Wages	2,472,136	1,175,080	1,297,056	1,478,205	696,052	782,153	-	-	-	2,511,990	1,164,762	1,347,228
Benefits	1,335,528	605,501	730,027	783,349	359,360	423,989	-	-	-	1,329,580	586,678	742,902
Supplies	364,244	132,217	232,027	164,550	37,758	126,792	-	-	-	84,550	39,612	44,938
Other Service Charges	4,455,849	1,336,256	3,119,593	2,912,150	1,316,366	1,595,784	18,215,600	8,922,306	9,293,294	1,994,100	739,609	1,254,491
Intergovernmental Services (Less Transfers Out)	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management Payments See Note	-	-	-	-	-	-	-	-	-	-	-	-
Sewer Metro Services	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service Interest	1,092,600	376,984	715,616	245,500	131,058	114,442	-	-	-	311,100	169,233	141,867
Interfund Operating Rentals & Supplies	1,773,617	896,637	876,980	1,391,917	705,787	686,130	-	-	-	1,818,400	915,097	903,303
TOTAL OPERATING EXPENSES	11,493,974	4,522,676	6,971,298	6,975,671	3,246,381	3,729,290	18,215,600	8,922,306	9,293,294	8,049,720	3,614,991	4,434,729
OPERATING REVENUES LESS EXPENSES BEFORE DEPRECIATION	4,184,526	2,379,403	(1,805,123)	2,128,529	1,504,532	(623,997)	156,900	134,141	(22,759)	2,107,180	1,524,318	(582,862)
NON-OPERATING REVENUES												
Operating Transfers-in	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental Loan	-	39,258	(39,258)	-	-	-	-	-	-	-	-	-
Other Non-Operating Revenues	-	-	-	-	-	-	-	-	-	-	-	-
NON-OPERATING EXPENSES												
Transfer to Capital Subfund	811,400	16,633	794,767	-	-	-	-	-	-	-	-	-
Other Operating Transfers-out	381,491	34,662	346,829	328,692	5,099	323,593	-	-	-	404,392	79,099	325,293
Debt Service Principal	1,775,400	624,107	1,151,293	563,400	288,262	275,138	-	-	-	438,000	-	438,000
Net Change in Restricted Net Assets	-	63,331	63,331	-	(17,771)	(17,771)	-	-	-	-	14,527	14,527
Interfund Loan Repayment	-	-	-	-	-	-	-	-	-	-	-	-
BEGINNING WORKING CAPITAL - January 1, 2019	3,915,375	3,915,375	-	4,292,249	4,292,249	-	3,184,467	3,184,467	-	2,886,614	2,886,614	-
ENDING WORKING CAPITAL - June 30, 2019	5,131,610	5,595,303	463,693	5,528,686	5,521,191	(7,495)	3,341,367	3,318,608	(22,759)	4,151,402	4,317,306	165,904
NET CHANGE IN WORKING CAPITAL (see Note)	1,216,235	1,679,928	463,693	1,236,437	1,228,942	(7,495)	156,900	134,141	(22,759)	1,264,788	1,430,692	165,904
CAPITAL FUND:												
CAPITAL REVENUES												
Interest Revenue	10,000	21,913	11,913	80,000	123,492	43,492	-	-	-	80,000	67,349	(12,651)
Grants	450,592	17,901	(432,691)	-	-	-	-	-	-	181,965	5,792	(176,173)
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other Non-Operating Revenue	-	558	558	-	-	-	-	-	-	-	-	-
Increase In Contributions - System Development	937,700	333,369	(604,331)	654,700	524,873	(129,827)	-	-	-	489,900	329,742	(160,158)
Interfund Revenues	-	-	-	-	-	-	-	-	-	-	-	-
Increase In Contributions - FAA	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds of Debt Activity	7,525,324	-	(7,525,324)	-	-	-	-	-	-	-	-	-
Transfers In from Operating Sub-Fund	811,400	16,633	(794,767)	-	-	-	-	-	-	-	-	-
Transfer In from Other Funds	-	22,625	22,625	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL REVENUES	9,735,016	412,999	(9,322,017)	734,700	648,365	(86,335)				751,865	402,883	(348,982)
CAPITAL EXPENSES												
Other Non-Operating Expense	-	-	-	-	-	-	-	-	-	-	-	-
Increase In Fixed Assets - Salaries	424,300	120,663	303,637	182,900	29,356	153,544	-	-	-	202,900	31,470	171,430
Increase In Fixed Assets - Benefits	169,700	59,652	110,048	73,100	14,189	58,911	-	-	-	81,100	14,528	66,572
Increase In Fixed Assets - Services	300	-	300	1,900	-	1,900	-	-	-	1,900	-	1,900
Increase In Fixed Assets - Site Improvements	-	3,736	(3,736)	-	-	-	-	-	-	-	-	-
Increase In Fixed Assets - Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Increase In Fixed Assets - Construction	9,896,443	792,224	9,104,219	3,617,608	96,421	3,521,187	-	-	-	3,507,258	95,913	3,411,345
Operating Transfers Out	50,000	50,000	-	50,000	50,000	-	-	-	-	50,000	50,000	-
TOTAL CAPITAL EXPENSES	10,540,743	1,026,275	9,514,468	3,925,508	189,966	3,735,542				3,843,158	191,912	3,651,246
BEGINNING WORKING CAPITAL - January 1, 2019	2,848,451	2,848,451	-	12,240,299	12,240,299	-	-	-	-	13,792,781	13,792,781	-
ENDING WORKING CAPITAL - June 30, 2019	2,042,724	2,235,175	192,451	9,049,491	12,698,698	3,649,207	-	-	-	10,701,488	14,003,752	3,302,264
NET CHANGE IN WORKING CAPITAL (see Note)	(805,727)	(613,276)	192,451	(3,190,808)	458,399	3,649,207	-	-	-	(3,091,293)	210,971	3,302,264
Total Change in Working Capital	410,508	1,066,652	656,144	(1,954,371)	1,687,341	3,641,712	156,900	134,141	(22,759)	(1,826,505)	1,641,663	3,468,168
(*) Depreciation	3,612,800	1,946,926		2,333,400	1,139,819		-	-		2,184,100	1,049,444	

**Working Capital = Current Assets
minus Current Liabilities**

OPERATING & CAPITAL FUNDS	ENTERPRISE FUNDS									INTERNAL SERVICE FUNDS		
	SOLID WASTE			AIRPORT			CEMETERY			INSURANCE		
	Budget	YTD Actual	Variance	Budget	YTD Actual	Variance	Budget	YTD Actual	Variance	Budget	YTD Actual	Variance
Cash Basis through June 2019												
OPERATING FUND:												
OPERATING REVENUES												
Charges For Service	16,071,700	7,907,109	(8,164,591)	1,205,700	674,328	(531,372)	1,086,000	735,185	(350,815)	-	-	-
Grants	88,600	4,994	(83,606)	-	1,000	1,000	-	-	-	-	-	-
Interest Earnings	88,800	57,201	(31,599)	6,900	12,409	5,509	1,000	9,694	8,694	21,000	12,707	(8,293)
Rents, Leases, Concessions, & Other	-	3,446	3,446	6,000	4,993	(1,007)	-	214	214	-	-	-
TOTAL OPERATING REVENUES	16,249,100	7,972,750	(8,276,350)	1,218,600	692,731	(525,869)	1,087,000	745,094	(341,906)	21,000	12,707	(8,293)
OPERATING EXPENSES												
Salaries & Wages	-	-	-	207,803	104,721	103,082	464,932	230,719	234,213	-	-	-
Benefits	-	-	-	149,990	62,437	87,553	269,930	129,417	140,513	175,000	25,765	149,235
Supplies	53,400	1,789	51,611	212,700	171,948	40,752	221,700	131,779	89,921	-	-	-
Other Service Charges	2,123,775	810,781	1,312,994	247,400	92,855	154,545	151,500	60,047	91,453	5,600	608,752	(603,152)
Intergovernmental Services (Less Transfers Out)	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management Payments See Note	13,485,300	6,558,190	6,927,110	-	-	-	-	-	-	-	-	-
Sewer Metro Services	-	-	-	3,700	2,089	1,611	-	-	-	-	-	-
Debt Service Interest	-	-	-	38,600	19,300	19,300	-	-	-	-	-	-
Interfund Operating Rentals & Supplies	612,000	317,794	294,206	38,600	19,300	19,300	155,900	77,950	77,950	-	-	-
TOTAL OPERATING EXPENSES	16,274,475	7,688,554	8,585,921	860,193	453,350	406,843	1,263,962	629,913	634,049	180,600	634,517	(453,917)
OPERATING REVENUES LESS EXPENSES BEFORE DEPRECIATION	(25,375)	284,196	309,571	358,407	239,381	(119,026)	(176,962)	115,181	292,143	(159,600)	(621,810)	(462,210)
NON-OPERATING REVENUES												
Operating Transfers-in							100,000	-	(100,000)	-	-	-
Intergovernmental Loan												
Other Non-Operating Revenues												
NON-OPERATING EXPENSES												
Transfer to Capital Subfund				350,000	51,649		100,000	-				
Other Operating Transfers-out	21,831	3,505	18,326	10,000	4,236	5,764	-	-	-			
Debt Service Principal				186,500	-	186,500	-	-	-			
Net Change in Restricted Net Assets				-	12,274	12,274	-	-	-			
Interfund Loan Repayment				42,100	20,743	21,357						
BEGINNING WORKING CAPITAL - January 1, 2019	5,556,175	5,556,175	-	474,633	474,633	-	441,060	441,060	-	1,928,070	1,928,070	-
ENDING WORKING CAPITAL - June 30, 2019	5,508,969	5,836,866	327,897	244,440	625,111	380,671	264,098	556,241	292,143	1,768,470	1,306,260	(462,210)
NET CHANGE IN WORKING CAPITAL (see Note)	(47,206)	280,691	327,897	(230,193)	150,478	380,671	(176,962)	115,181	292,143	(159,600)	(621,810)	(462,210)
CAPITAL FUND:		see Note										
CAPITAL REVENUES												
Interest Revenue				2,000	1,244	(756)	-	3,058	3,058			
Grants												
Contributions				104,316	6,120	(98,196)	-	-	-			
Other Non-Operating Revenue				-	-	-	-	-	-			
Increase In Contributions - System Development				-	-	-	-	-	-			
Interfund Revenues				-	-	-	-	-	-			
Increase In Contributions - FAA				2,367,730	60,269	(2,307,461)	-	-	-			
Proceeds of Debt Activity				-	-	-	-	-	-			
Transfers In from Operating Sub-Fund				350,000	51,649	(298,351)	100,000	-	(100,000)			
Transfer In from Other Funds				-	-	-	55,442	-	(55,442)			
TOTAL CAPITAL REVENUES				2,824,046	119,283	(2,704,763)	155,442	3,058	(152,384)			
CAPITAL EXPENSES												
Other Non-Operating Expense				-	-	-	-	-	-			
Increase In Fixed Assets - Salaries				4,300	57	4,243	-	-	-			
Increase In Fixed Assets - Benefits				1,700	41	1,659	-	-	-			
Increase In Fixed Assets - Services				100	-	100	100	-	100			
Increase In Fixed Assets - Site Improvements				-	-	-	-	-	-			
Increase In Fixed Assets - Equipment				-	-	-	-	-	-			
Increase In Fixed Assets - Construction				2,928,308	257,032	2,671,276	380,442	-	380,442			
Operating Transfers Out				73,200	69,034	4,166	-	-	-			
TOTAL CAPITAL EXPENSES				3,007,608	326,164	2,681,444	380,542	-	380,542			
BEGINNING WORKING CAPITAL - January 1, 2019				246,967	246,967	-	261,037	261,037	-			
ENDING WORKING CAPITAL - June 30, 2019				63,405	40,086	(23,319)	35,937	264,095	228,158			
NET CHANGE IN WORKING CAPITAL (see Note)				(183,562)	(206,881)	(23,319)	(225,100)	3,058	228,158			
Total Change in Working Capital	(47,206)	280,691		(413,755)	(56,403)	357,352	(402,062)	118,239	520,301	(159,600)	(621,810)	(462,210)

(*) Depreciation

Note: Includes June's Waste Management payment (\$1,145,334), which will be made in July.

Working Capital = Current Assets minus Current Liabilities

OPERATING & CAPITAL FUNDS	INTERNAL SERVICE FUNDS												
	Cash Basis through June 2019	WORKER'S COMPENSATION			FACILITIES			INNOVATION & TECHNOLOGY			EQUIPMENT RENTAL		
		Budget	YTD Actual	Variance	Budget	YTD Actual	Variance	Budget	YTD Actual	Variance	Budget	YTD Actual	Variance
OPERATING FUND:													
OPERATING REVENUES													
Charges For Service	1,075,200	533,491	(541,709)	3,436,500	1,742,944	(1,693,556)	6,276,600	3,145,182	(3,131,418)	2,007,606	1,003,803	(1,003,803)	
Grants	-	-	-	-	-	-	-	-	-	-	-	-	
Interest Earnings	46,000	27,704	(18,296)	24,600	23,630	(970)	8,000	32,958	24,958	-	38,139	38,139	
Rents, Leases, Concessions, & Other	50,000	4,777	(45,223)	-	-	-	-	-	-	-	32,784	32,784	
TOTAL OPERATING REVENUES	1,171,200	565,972	(605,228)	3,461,100	1,766,574	(1,694,526)	6,284,600	3,178,140	(3,106,460)	2,007,606	1,074,726	(932,880)	
OPERATING EXPENSES													
Salaries & Wages	-	-	-	728,510	336,925	391,585	2,070,555	986,396	1,084,159	604,034	303,651	300,383	
Benefits	250,000	52,505	197,495	424,233	196,859	227,374	1,072,035	481,777	590,258	324,807	151,271	173,536	
Supplies	-	-	-	144,720	54,423	90,297	469,150	106,319	362,831	1,092,000	403,645	688,355	
Other Service Charges	448,315	149,586	298,729	1,995,950	674,791	1,321,159	2,861,600	1,551,394	1,310,206	493,050	211,291	281,759	
Intergovernmental Services (Less Transfers Out)	-	-	-	-	-	-	-	-	-	-	-	-	
Waste Management Payments See Note	-	-	-	-	-	-	-	-	-	-	-	-	
Sewer Metro Services	-	-	-	-	-	-	-	-	-	2,700	895	1,805	
Debt Service Interest	-	-	-	-	-	-	-	-	-	-	-	-	
Interfund Operating Rentals & Supplies	119,800	59,900	59,900	159,700	79,850	79,850	183,000	91,500	91,500	291,600	145,800	145,800	
TOTAL OPERATING EXPENSES	818,115	261,991	556,124	3,453,113	1,342,847	2,110,266	6,656,340	3,217,386	3,438,954	2,808,191	1,216,552	1,591,639	
OPERATING REVENUES LESS EXPENSES BEFORE DEPRECIATION	353,085	303,981	(49,104)	7,987	423,727	415,740	(371,740)	(39,246)	332,494	(800,585)	(141,826)	658,759	
NON-OPERATING REVENUES													
Operating Transfers-in				44,500	-	(44,500)	276,210	24,062	(252,148)	-	-	-	
Intergovernmental Loan													
Other Non-Operating Revenues													
NON-OPERATING EXPENSES													
Transfer to Capital Subfund													
Other Operating Transfers-out				733,950	321,688	412,262	30,000	-	30,000	-	-	-	
Debt Service Principal													
Net Change in Restricted Net Assets											(12,774)	(12,774)	
Interfund Loan Repayment													
BEGINNING WORKING CAPITAL - January 1, 2019	2,128,988	2,128,988	-	1,548,874	1,548,874	-	2,698,004	2,698,004	-	3,091,626	3,091,626	-	
ENDING WORKING CAPITAL - June 30, 2019	2,482,073	2,432,969	(49,104)	867,411	1,650,913	783,502	2,572,474	2,682,820	110,346	2,291,041	2,962,574	671,533	
NET CHANGE IN WORKING CAPITAL (see Note)	353,085	303,981	(49,104)	(681,463)	102,039	783,502	(125,530)	(15,184)	110,346	(800,585)	(129,052)	671,533	
CAPITAL FUND:													
CAPITAL REVENUES													
Interest Revenue								18,331	18,331		50,118	50,118	
Grants											60,000	60,000	
Contributions													
Other Non-Operating Revenue													
Increase In Contributions - System Development													
Interfund Revenues										1,771,194	885,597	(885,597)	
Increase In Contributions - FAA													
Proceeds of Debt Activity													
Transfers In from Operating Sub-Fund													
Transfer In from Other Funds							22,500	-	(22,500)	1,046,000	139,434	(906,566)	
TOTAL CAPITAL REVENUES							22,500	18,331	(4,169)	2,817,194	1,135,149	(1,682,045)	
CAPITAL EXPENSES													
Other Non-Operating Expense													
Increase In Fixed Assets - Salaries								4,357	(4,357)				
Increase In Fixed Assets - Benefits								2,277	(2,277)				
Increase In Fixed Assets - Services							300	-	300	500	-	500	
Increase In Fixed Assets - Site Improvements													
Increase In Fixed Assets - Equipment							871,500	34,998	836,502	2,333,450	542,752	1,790,698	
Increase In Fixed Assets - Construction							20,000	10,272	9,728	1,140,000	-	1,140,000	
Operating Transfers Out													
TOTAL CAPITAL EXPENSES							891,800	51,904	839,896	3,473,950	542,752	2,931,198	
BEGINNING WORKING CAPITAL - January 1, 2019							1,169,997	1,169,997	-	3,709,510	3,709,510	-	
ENDING WORKING CAPITAL - June 30, 2019							300,697	1,136,424	835,727	3,052,754	4,301,907	1,249,153	
NET CHANGE IN WORKING CAPITAL (see Note)							(869,300)	(33,573)	835,727	(656,756)	592,397	1,249,153	
Total Change in Working Capital	353,085	303,981	(49,104)	(681,463)	102,039	783,502	(994,830)	(48,757)	946,073	(1,457,341)	463,345	1,920,686	

(*) Depreciation

**Working Capital = Current Assets
minus Current Liabilities**