



## AGENDA BILL APPROVAL FORM

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**Agenda Subject:**

3rd Quarter 2022 Financial Report Update

**Date:**

December 2, 2022

**Department:**

Finance

**Attachments:**

[Financial Report through September 2022 -  
Monthly Sales Tax Report](#)

**Budget Impact:**

**Administrative Recommendation:**

For discussion only.

**Background for Motion:**

**Background Summary:**

The 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 year-to-date financial activity through September 30, 2022, based on financial data available as of November 30, 2022. Sales tax information represents tax collected through September 2022, reflecting business activity through July 2022.

**Reviewed by Council Committees:**

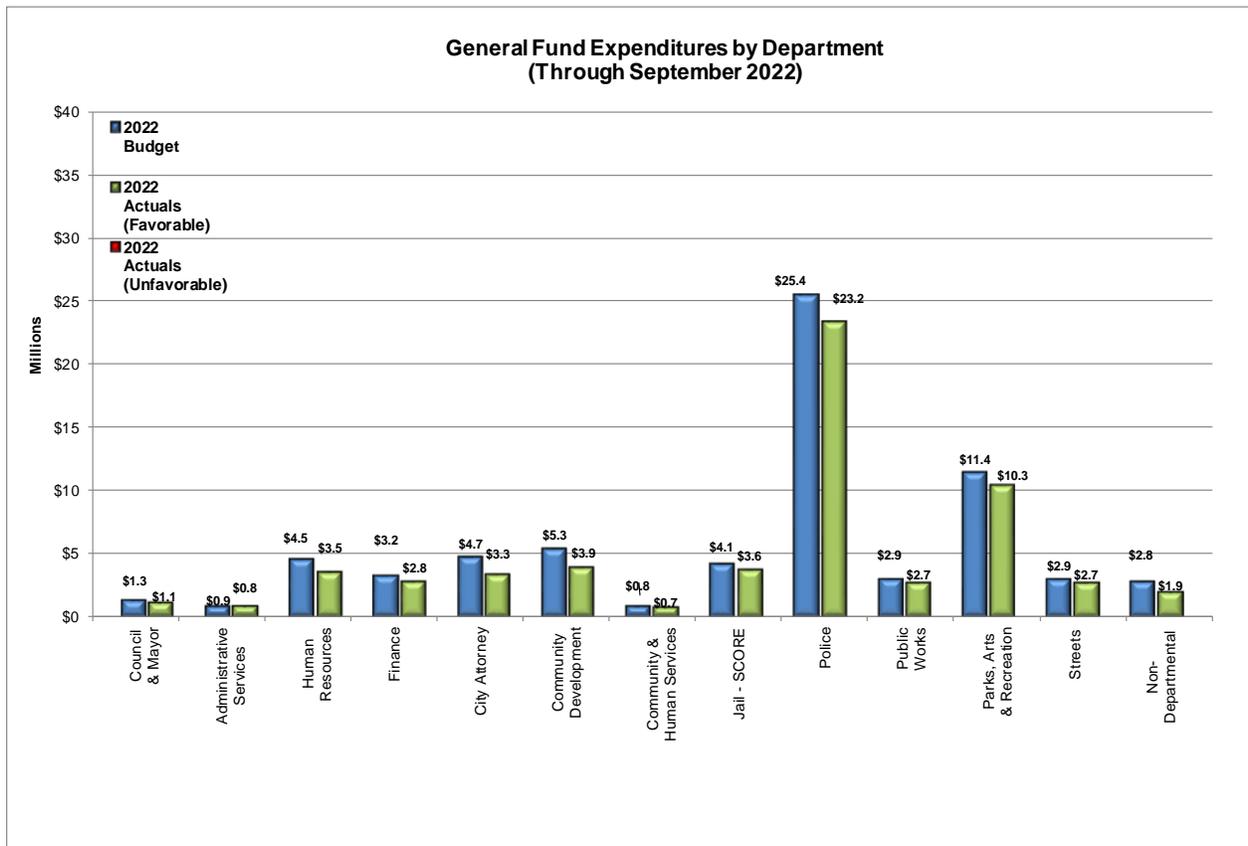
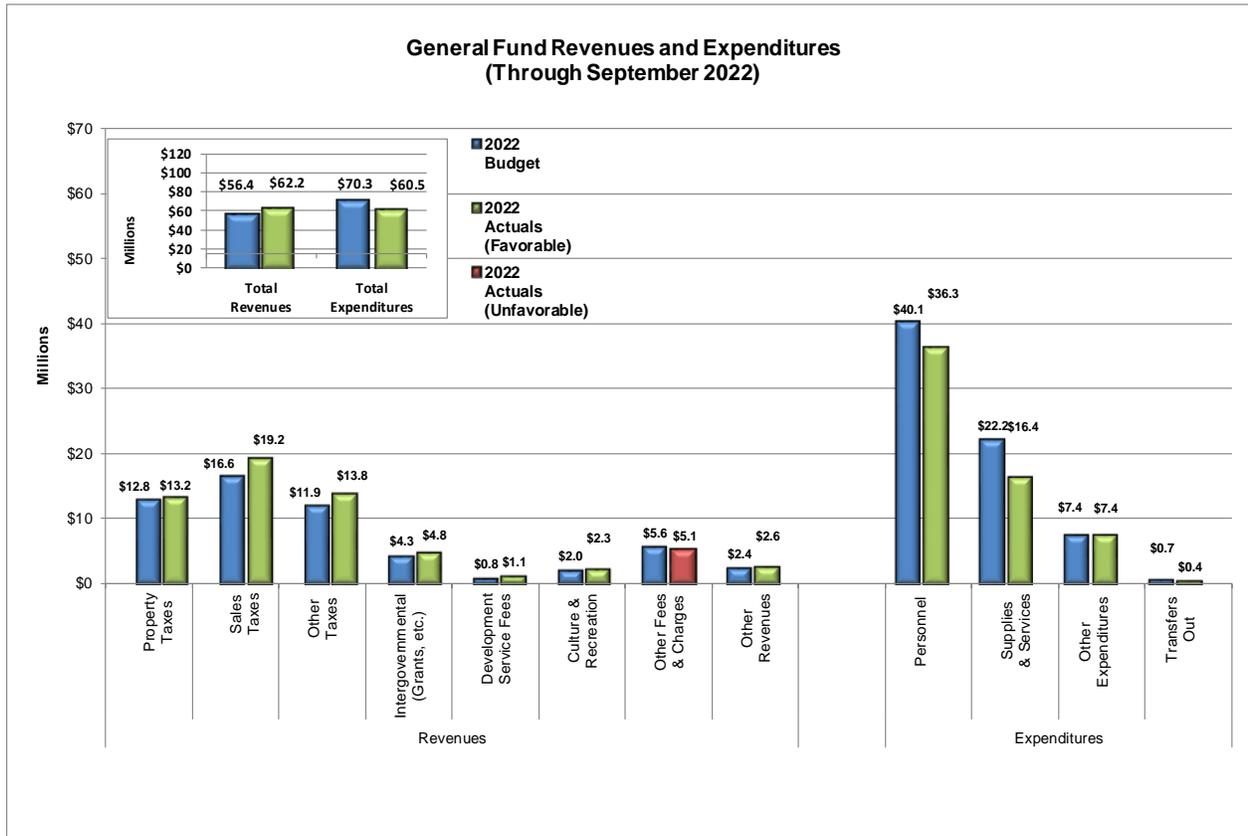
**Councilmember:** Baggett

**Staff:** Thomas

**Meeting Date:** December 12, 2022

Item Number:

### General Fund Summary



General Fund Summary of Sources and Uses	Page Ref	2022			2021	2022 YTD Budget vs. Actual	
		Annual Budget	YTD Budget	YTD Actual	YTD Actual	Favorable (Unfavorable) Amount	Percentage
<b>Operating Revenues</b>							
Property Tax	6	\$ 23,198,400	\$ 12,813,700	\$ 13,190,280	\$ 12,855,125	\$ 376,580	2.9 %
Retail Sales Tax	3, 6-7	20,294,400	14,829,700	16,808,519	15,885,829	1,978,819	13.3 %
Affordable Housing Sales Tax Credit		129,900	97,425	102,190	107,535	4,765	4.9 %
Sales Tax - Pierce County Parks		101,700	74,900	99,961	96,683	25,061	33.5 %
Criminal Justice Sales Tax		2,135,000	1,574,100	2,214,989	1,892,852	640,889	40.7 %
Brokered Natural Gas Tax		131,300	105,100	167,949	119,248	62,849	59.8 %
City Utilities Tax	3, 8-10	6,779,000	5,049,800	5,151,760	4,715,241	101,960	2.0 %
Business & Occupation Tax		500,000	250,000	1,979,741	-	1,729,741	691.9 %
Admissions Tax	10	400,000	312,700	176,087	98,311	(136,613)	(43.7) %
Electric Tax	8-10	3,760,400	2,820,300	3,111,165	2,858,500	290,865	10.3 %
Natural Gas Tax	8-10	1,122,500	996,700	1,107,927	959,281	111,227	11.2 %
Cable Franchise Fee		850,600	637,950	456,739	681,138	(181,211)	(28.4) %
Cable Utility Tax		969,600	727,200	767,607	718,597	40,407	5.6 %
Cable Franchise Fee - Capital		60,000	45,000	39,396	46,529	(5,604)	(12.5) %
Telephone Tax	8-10	704,200	531,800	422,710	529,685	(109,090)	(20.5) %
Solid Waste Tax (external)	8-10	-	-	55,129	170,348	55,129	N/A
Leasehold Excise Tax		210,000	197,500	228,661	209,931	31,161	15.8 %
Gambling Excise Tax	10	342,100	262,197	177,773	60,422	(84,424)	(32.2) %
<b>Taxes sub-total</b>		<b>\$ 61,689,100</b>	<b>\$ 41,326,072</b>	<b>\$ 46,258,583</b>	<b>\$ 42,005,254</b>	<b>\$ 4,932,511</b>	<b>11.9 %</b>
<b>Business License Fees</b>							
Business License Fees	11	\$ 393,100	\$ 144,900	\$ 128,986	\$ 138,813	\$ (15,914)	(11.0) %
Building Permits	3, 12	1,000,900	635,600	772,389	1,130,736	136,789	21.5 %
Other Licenses & Permits		870,300	705,300	757,819	1,021,828	52,519	7.4 %
Intergovernmental (Grants, etc.)	4, 13	6,155,195	4,292,544	4,803,571	4,554,505	511,027	11.9 %
<b>Charges for Services:</b>							
General Government Services	15	3,653,540	2,740,155	2,581,227	2,486,324	(158,928)	(5.8) %
Public Safety	15	988,200	741,150	579,924	891,517	(161,226)	(21.8) %
Development Services Fees	15-16	1,041,900	818,000	1,137,072	1,273,177	319,072	39.0 %
Culture and Recreation	15	2,375,680	2,006,389	2,312,157	2,026,882	305,768	15.2 %
Fines and Penalties	16-17	885,400	668,750	269,254	335,759	(399,496)	(59.7) %
<b>Fees/Charges/Fines sub-total</b>		<b>\$ 17,364,215</b>	<b>\$ 12,752,788</b>	<b>\$ 13,342,399</b>	<b>\$ 13,859,541</b>	<b>\$ 589,612</b>	<b>4.6 %</b>
<b>Interest and Investment Earnings</b>							
Interest and Investment Earnings	17-18	\$ 91,200	\$ 68,400	\$ 334,075	\$ 68,436	\$ 265,675	388.4 %
Rents and Leases	17-18	1,003,000	843,200	921,189	738,100	77,989	9.2 %
Contributions and Donations	17-18	28,400	21,300	17,230	12,648	(4,070)	(19.1) %
Other Miscellaneous	17-18	223,800	185,998	425,026	196,203	239,028	128.5 %
Transfers In		4,167,900	1,072,000	821,014	162,000	(250,986)	(23.4) %
Insurance Recoveries - Capital & Operating		225,000	168,750	95,473	69,255	(73,277)	(43.4) %
<b>Other Revenues sub-total</b>		<b>\$ 5,739,300</b>	<b>\$ 2,359,648</b>	<b>\$ 2,614,006</b>	<b>\$ 1,246,642</b>	<b>\$ 254,359</b>	<b>10.8 %</b>
<b>Total Operating Revenues</b>		<b>\$ 84,792,615</b>	<b>\$ 56,438,507</b>	<b>\$ 62,214,989</b>	<b>\$ 57,111,438</b>	<b>\$ 5,776,482</b>	<b>10.2 %</b>
<b>Operating Expenditures</b>							
Council & Mayor		\$ 1,713,091	\$ 1,253,500	\$ 1,108,009	\$ 793,609	\$ 145,491	11.6 %
Administration		1,170,381	856,700	800,072	937,924	56,628	6.6 %
Human Resources		2,194,183	1,631,400	1,508,386	1,320,958	123,014	7.5 %
Municipal Court & Probation		3,163,945	2,893,409	1,955,758	689,357	937,651	32.4 %
Finance		4,226,313	3,231,400	2,759,963	937,924	471,437	14.6 %
City Attorney		6,243,018	4,674,800	3,275,084	2,983,983	1,399,716	29.9 %
Community Development		7,252,574	5,339,600	3,874,816	3,643,522	1,464,784	27.4 %
Community & Human Services (Comm Devel)		1,411,128	844,100	673,915	672,272	170,185	20.2 %
Jail - SCORE		5,523,800	4,142,700	3,642,867	3,423,825	499,833	12.1 %
Police		34,556,650	25,429,100	23,247,236	21,790,269	2,181,864	8.6 %
Public Works		3,945,285	2,933,300	2,667,532	2,579,124	265,768	9.1 %
Parks, Arts & Recreation		15,388,110	11,392,500	10,335,833	8,801,490	1,056,667	9.3 %
Streets		4,034,054	2,925,300	2,702,800	2,769,792	222,500	7.6 %
Non-Departmental		3,997,099	2,783,698	1,922,206	5,781,942	861,492	30.9 %
<b>Total Operating Expenditures</b>		<b>\$ 94,819,630</b>	<b>\$ 70,331,506</b>	<b>\$ 60,474,475</b>	<b>\$ 57,125,992</b>	<b>\$ 9,857,031</b>	<b>14.0 %</b>

## Executive Summary

This report provides an overview of the City's overall financial position for the fiscal period ending September 30, 2022, reflecting financial data available as of October 31, 2022.

### General Fund:

General Fund revenues have generally exceeded budget expectations and largely recovered from the impact of the COVID-19 mitigation measures. During 2021, various restrictions were implemented at the state and local level in terms of occupancy limits, vaccination requirements, and mask mandates, all of which are thought to have either directly or indirectly affected the local economy.

In late March of 2021, both King and Pierce counties advanced to Phase III of the state's Healthy Washington Roadmap to Recovery plan. Phase III allowed businesses to have indoor dining occupancy up to 50%; retail, fitness and competitive sports at 50% occupancy; and indoor entertainment venues were allowed to reopen with restrictions. At the end of June, Washington state reopened under the Washington Ready plan. Industry sectors previously covered by the Roadmap to Recovery, or the Safe Start plan (with limited exceptions) were allowed to return to usual capacity and operations. Throughout the third quarter of 2021, businesses were able to resume normal operations, and some businesses continued to have modified hours and/or capacity restrictions. Effective in October 2021, all restaurants in King County were to require indoor dining patrons to show proof of vaccination. The indoor mask mandate also continued throughout Q4-2021. In the state's reopening plan, the state moved towards a county-based system and away from the regional system. In this new plan, the assessment of counties will be conducted on an individual basis. In March 2022, the mask mandate was lifted in many indoor public settings. As a result, collections on numerous culture and recreation revenues are slowly returning to pre-pandemic amounts.

Overall, General Fund revenues collected through Q3-2022 totaled \$62.2 million as compared to a year-to-date budget of \$56.4 million, and were \$5.8 million, or 10.2% above budget expectations.

### Notable variances to the 2022 budget include:

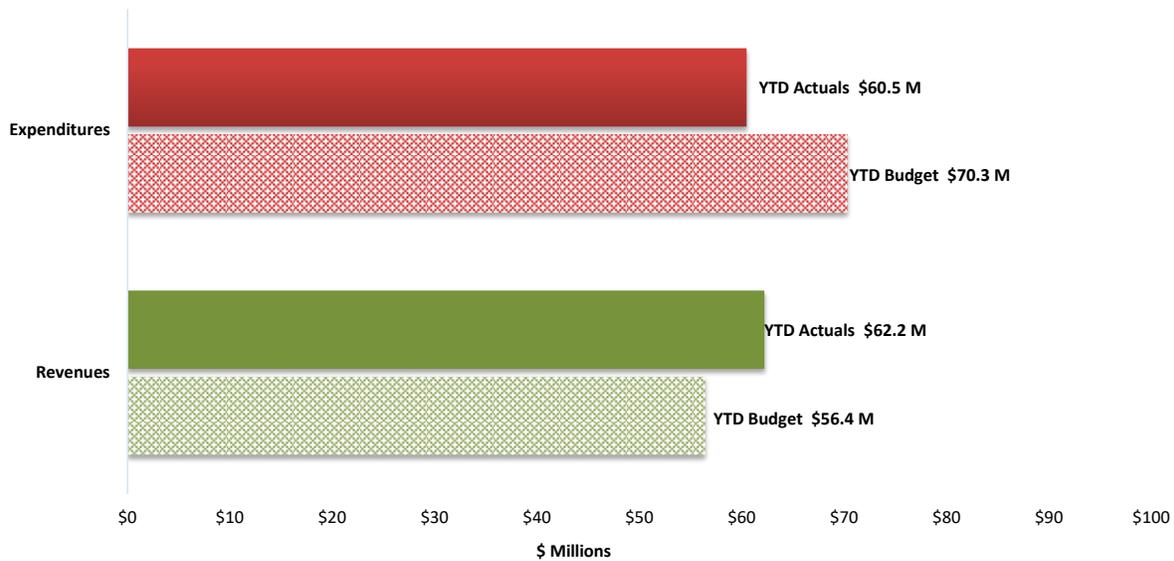
- Retail Sales Tax: The sales tax report through Q3-2022 (which is provided as an attachment to this report) reflects amounts remitted to the City of Auburn based on sales from November 2021 through July 2022. Collections up to September 2022 totaled \$16.8 million, a 5.8% increase from last year. The increase resulted from multiple categories, particularly manufacturing, in which The Boeing Company had a 346% increase from July 2021 compared to July 2022. **[pages 6-7]**
- In 2021, City Council increased the City utility tax rate from 7.0% to 10.0%. 1.0% of utility tax revenue continues to support the Arterial Street Preservation Fund, while this change increased General Fund tax revenues for Water, Sewer, Storm and Solid Waste services from the previous 6.0% to 9.0%. City utility tax revenues through Q3-2022 were \$211,000 favorable to budget and \$371,000 higher than what was collected through Q3-2021. **[pages 8-10]**
- Building permit revenues collected through Q3-2022 totaled \$772,000, which was 137,000 favorable to the year-to-date budget. A contributor to this variance was the permitting of Divine Court, a 7-story multi-use building on Main Street. **[page 12]**

- Intergovernmental revenues collected through Q3-2022 totaled \$4.8 million and were \$511,000 favorable to budget. Higher revenues generated from Muckleshoot Casino contribute to the favorable balance to the budget. **[page 13]**
- Culture and Recreation revenues collected through Q3-2022 totaled \$2.3 million and were \$306,000 higher than budget expectations. This variance was primarily due to higher than anticipated revenues received for green fees at Auburn Golf Course and recreational classes. Where 57% of the favorable variance results from the Auburn Golf Course and 21% consists of recreational classes. **[page 15]**

General Fund expenditures through Q3-2022 totaled \$60.5 million compared to a budget of \$68.2 million, representing a \$7.8 million favorable variance to budget. Almost all departments operated within their budgets through the third quarter of 2022.

Of this favorable variance to budget, 47% of that is comprised of underspends in supplies and professional services, while 49% was due to underspends in personnel costs.

### General Fund Revenues vs. Expenditures Through September 2022



Enterprise Funds:

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

The **Water Fund** ended Q3-2022 with operating income of about \$4.3 million, which was approximately \$25,000 below the same period last year due to increase in expenditures from Q3-2021. This increase was driven by higher interfund operating rentals and supplies. Revenues were higher in rents, leases, concessions, and interest earnings. **[page 21]**

The **Sewer Fund** had operating income of about \$1.2 million versus \$900,000 in the same period last year. Increased consumption revenues were offset by higher expenditures, similar to the Water Fund. **[page 22]**

Through September 2022, the **Stormwater Fund** had operating income of \$1.9 million compared to \$1.8 million in the same period in 2021; the increase in revenues (primarily from charges for storm service and interest earnings) were two times higher than the increase in expenditures. **[page 22]**

Internal Service Funds:

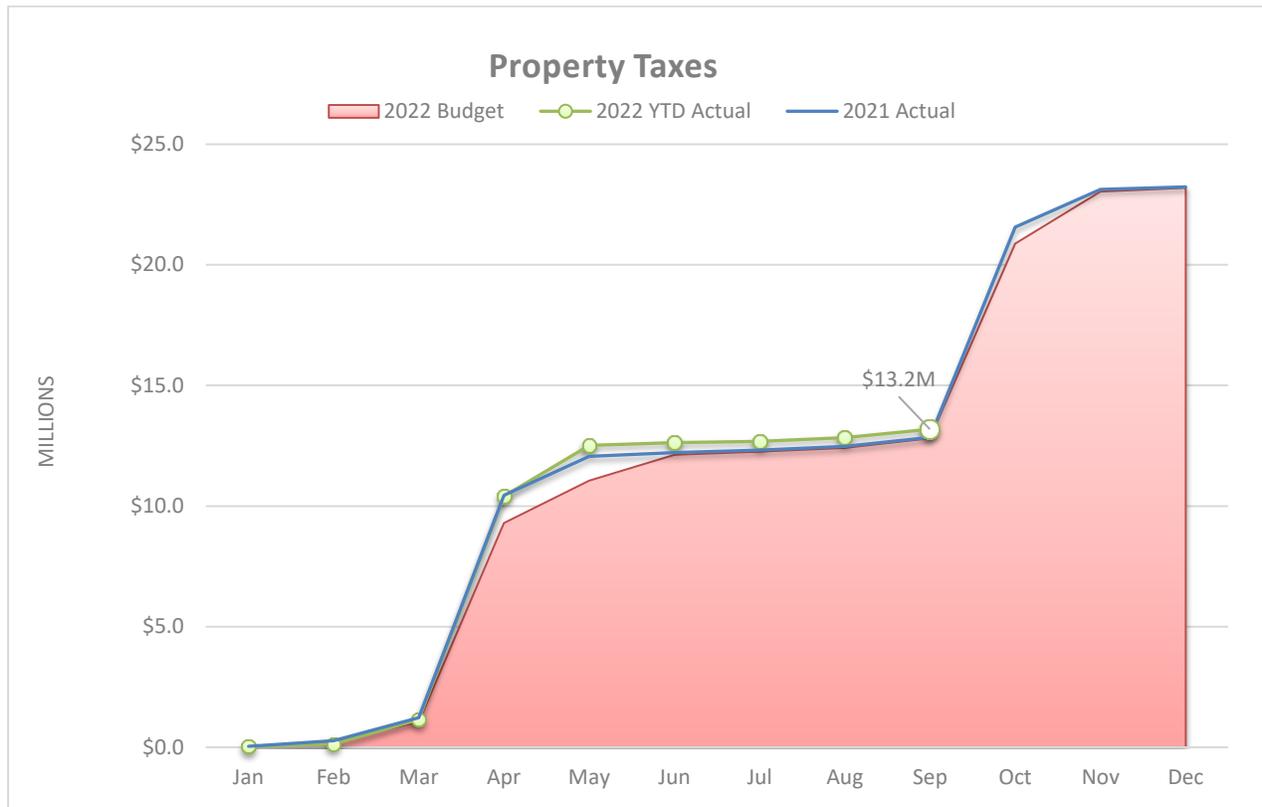
Internal service funds provide services to other City departments and include functions such as Insurance, Worker's Compensation, Facilities, Innovation & Technology, and Equipment Rental. No significant variances were reported in these funds during Q3-2022. **[page 22]**

**General Fund**

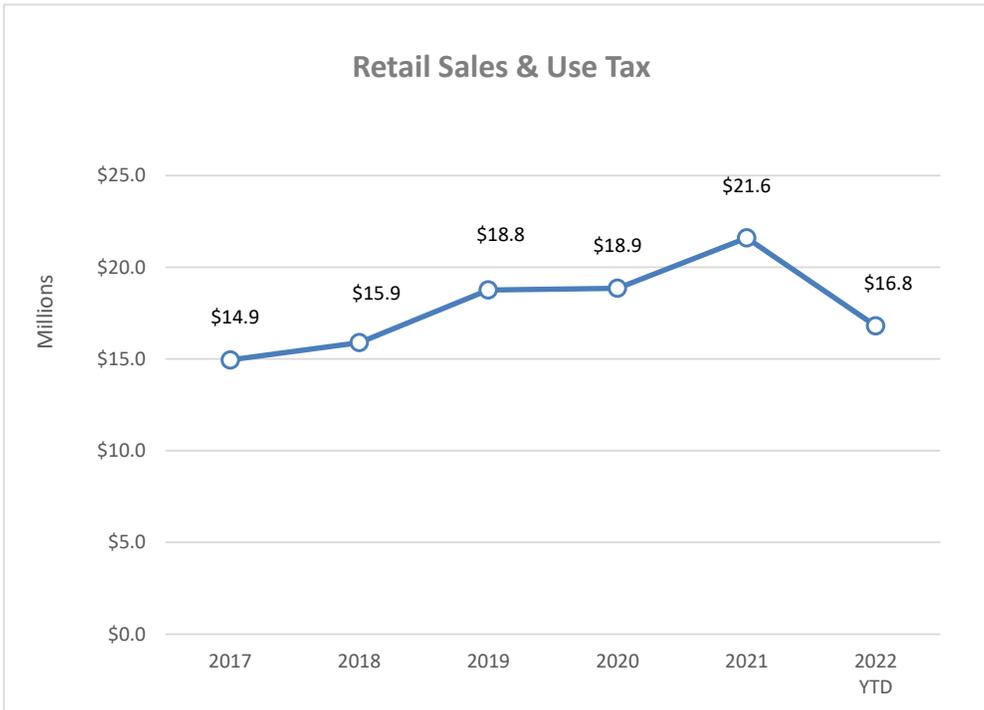
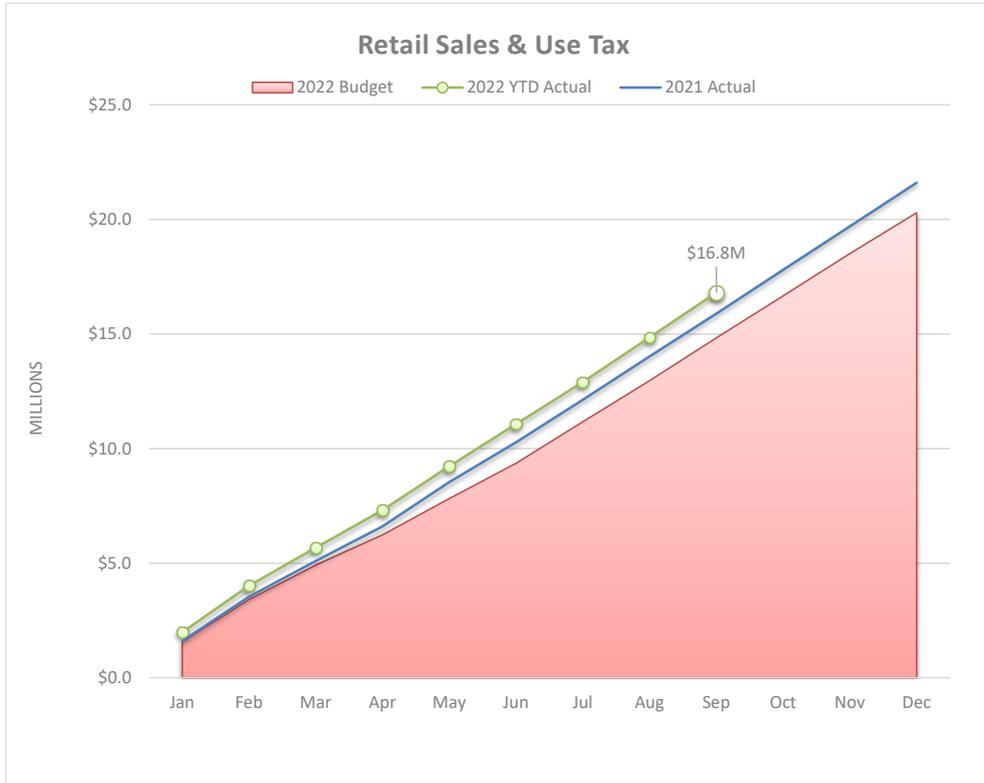
**Revenues**

The combined total of property, sales/use, utility, gambling, and admissions taxes provides over 70% of all resources supporting general governmental activities. The following section provides additional information on these sources.

**Property Tax** collections in the third quarter totaled roughly \$563,000 as compared to a third quarter budget of \$685,700. Year-to-date collections total \$13.2 million versus a budget of \$12.8 million resulting in \$377,000 above 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 Q3-2022 totaled \$16.8 million, representing taxes remitted to the City of Auburn based on sales from November 2021 through July 2022. Despite the COVID-19 pandemic, 2021 sales tax revenues were higher than the prior five years – and, in fact, 2021 sales tax collections were the highest on record for the City of Auburn. Sales tax revenues in the third quarter of 2022 exceed those from the third quarter of 2021, with increases in most categories, and in particular manufacturing and services. Sales tax on construction revenues are the notable exception, which saw a 5.0% decrease from Q3-2021. Overall, retail sales tax revenues are up \$842,000 or 5.3% from the same period last year.

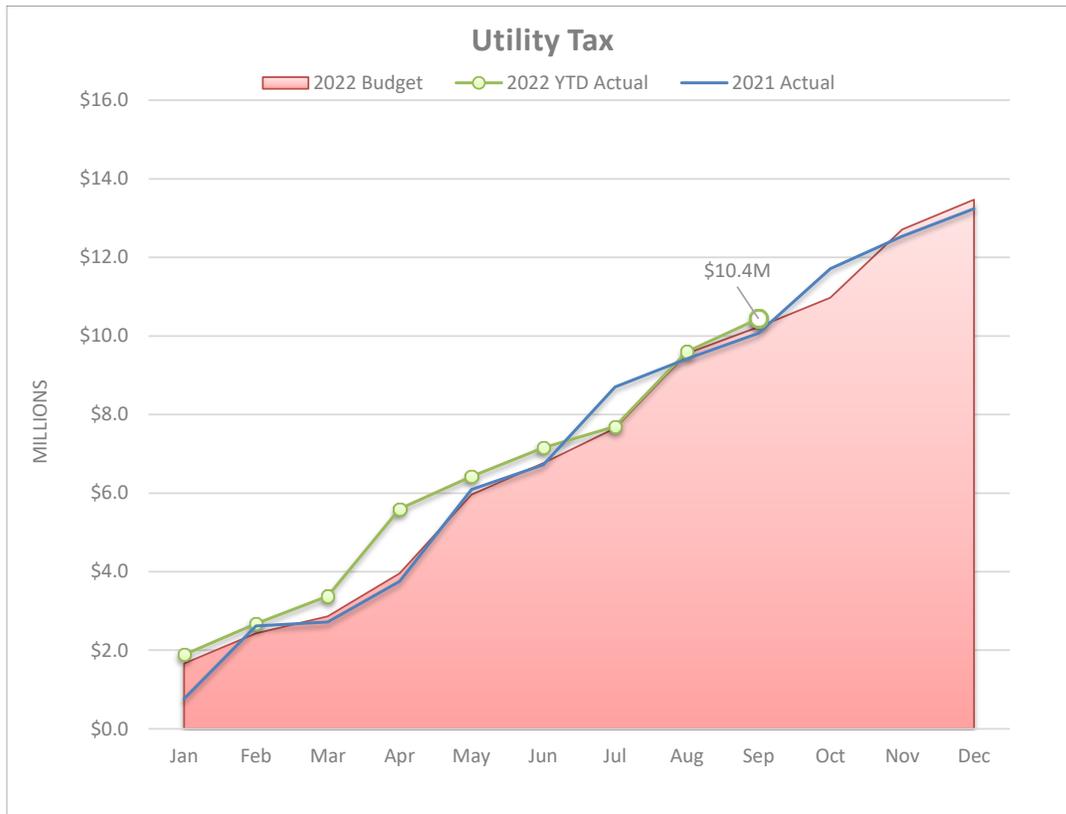


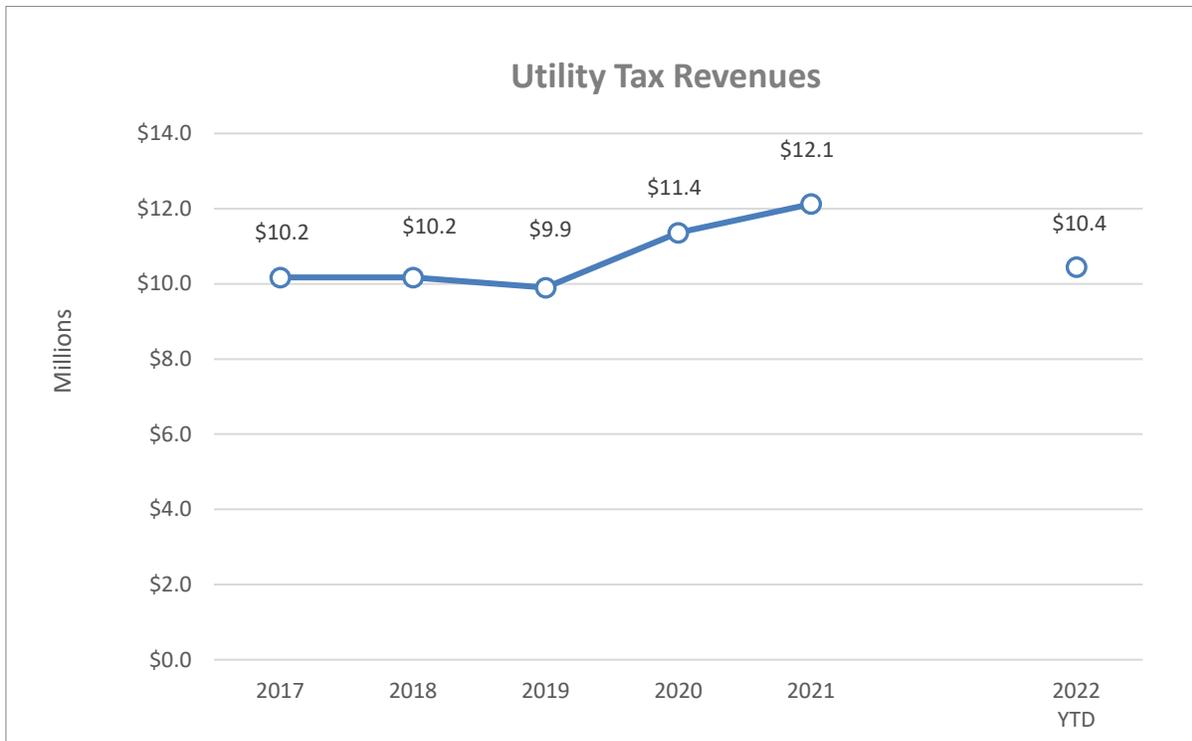
**Note:** The increase in sales tax revenue from 2018 to 2019 was primarily due to a policy change whereby sales tax on construction revenue is retained in the General Fund; previously, a portion was transferred to street funds. Of the year-over-year increase in sales tax revenue depicted in the graphic above from 2018 to 2019, \$2.2 million of the \$2.9 million increase was due to this policy change.

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

Comparison of Retail Sales Tax Collections by Group Through September 2022				
Component Group	2021 YTD Actual	2022 YTD Actual	Change from 2021	
			Amount	Percentage
Construction	\$ 2,205,248	\$ 2,094,449	\$ (110,799)	(5.0) %
Manufacturing	266,821	627,904	361,083	135.3 %
Transportation & Warehousing	275,220	196,911	(78,309)	(28.5) %
Wholesale Trade	1,068,765	1,148,352	79,587	7.4 %
Automotive	3,419,344	3,501,328	81,984	2.4 %
Retail Trade	4,837,848	4,938,763	100,915	2.1 %
Services	3,611,899	4,023,179	411,280	11.4 %
Miscellaneous	281,436	277,633	(3,803)	(1.4) %
YTD Total	\$ 15,966,581	\$ 16,808,519	\$ 841,938	5.3 %

**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). As noted on page 3 of this report, Council increased the City utility tax rate from 7.0% to 10.0% effective in 2021. While 1.0% of this tax revenue continues to support the Arterial Street Preservation Fund, this change increased General Fund tax revenue for Water, Sewer, Storm and Solid Waste services from the previous 6.0% to 9.0%. Overall, City utility tax revenues collected through September 2022 were approximately \$643,000 more than what was collected through September 2021.

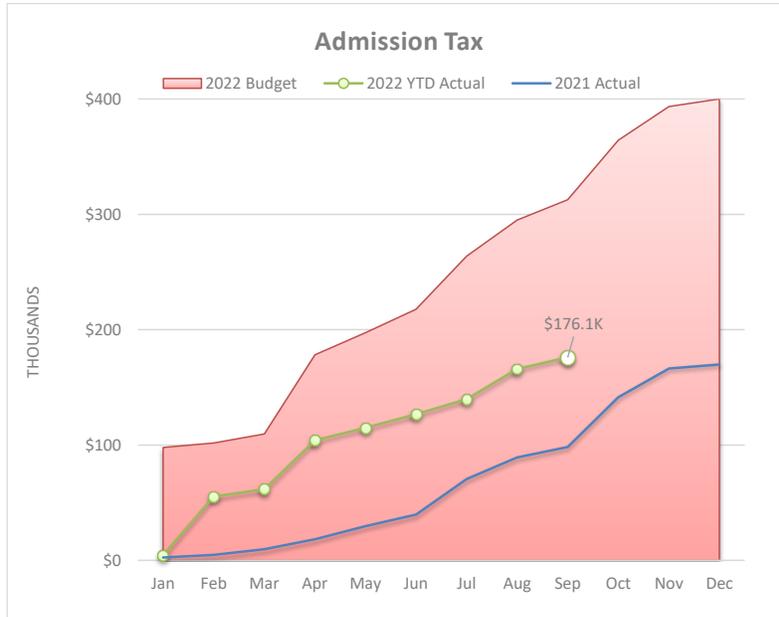




The table below demonstrates the various utility tax revenues and show actual revenues compared to budget.

Utility Tax by Type Through September 2022							
Utility Tax Type	2021 YTD Actual	2022 YTD Budget	2022 YTD Actual	2022 vs. 2021 Actual		2022 vs. Budget	
				Amount	Percentage	Amount	Percentage
City Interfund Utility Taxes	\$ 4,715,241	\$ 5,049,800	\$ 5,151,760	\$ 436,519	9.3 %	\$ 101,960	2.0 %
Electric	2,858,500	2,820,300	3,111,165	252,665	8.8 %	290,865	10.3 %
Natural Gas	959,281	996,700	1,107,927	148,646	15.5 %	111,227	11.2 %
Telephone	529,685	531,800	422,710	(106,975)	(20.2) %	(109,090)	(20.5) %
Solid Waste (external)	170,348	0	55,129	(115,218)	(67.6) %	55,129	0.0 %
Brokered Natural Gas	119,248	105,100	167,949	48,700	40.8 %	62,849	59.8 %
Cable	718,597	637,950	767,607	49,010	6.8 %	129,657	20.3 %
<b>YTD Total</b>	<b>\$ 10,070,901</b>	<b>\$ 10,141,650</b>	<b>\$ 10,784,247</b>	<b>\$ 713,346</b>	<b>7.1 %</b>	<b>\$ 642,597</b>	<b>6.3 %</b>

An **Admission Tax** of 5.0% is placed on charges for general admission, season tickets, cover charges, etc. Although admission tax revenues of \$176,000 collected through September 2022 were significantly higher than Q3-2021, this is due in part to COVID-19 restrictions, whereby some entertainment businesses did not reopen until the second quarter of 2021. The primary remitter of admission tax to the City of Auburn is the Auburn Regal Cinema at the Outlet Collection mall, contributing roughly 75% of these revenues between 2018-2020. However, in both 2021 and year-to-date in 2022, Regal Cinema’s contributions have dropped by half from their pre-pandemic levels. As a result, admission tax revenues are unfavorable to budget by roughly \$137,000.

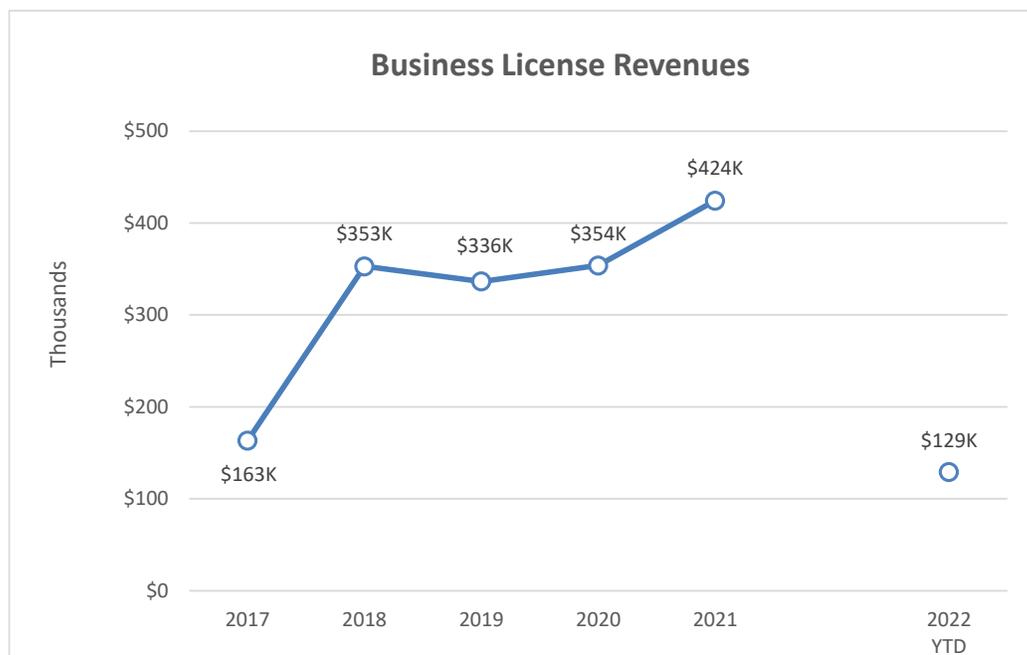
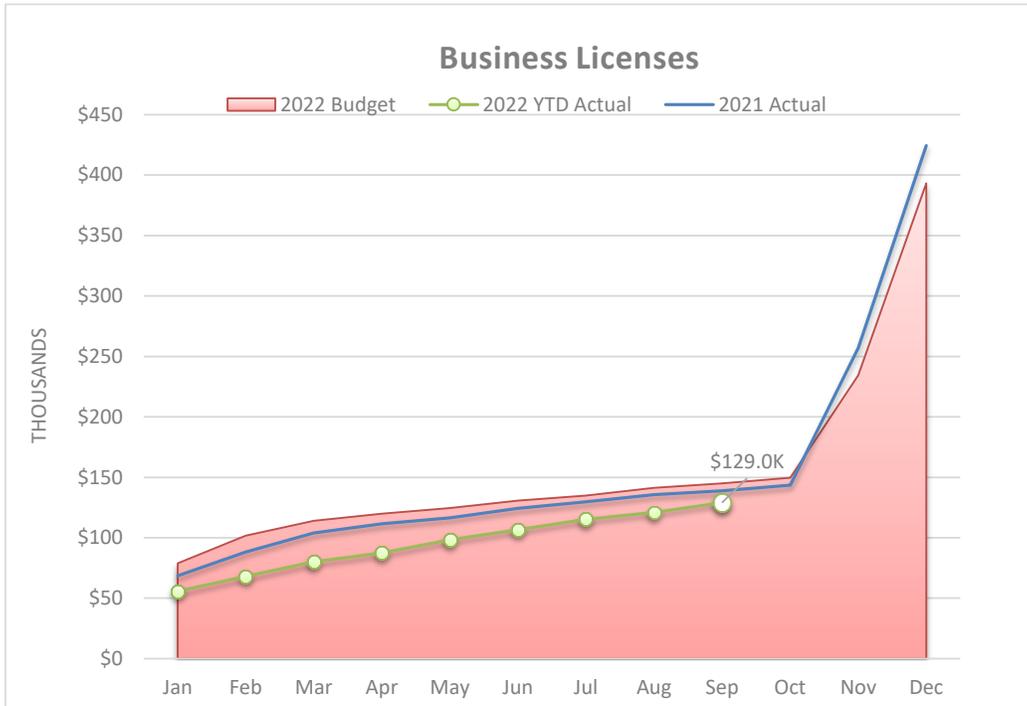


**Gambling Tax** applies to all card games, punch board games, pull tabs, bingo games, raffles and amusement games played within City limits. Due to COVID-19 occupancy limitations, some of these establishments did not reopen for business until the latter part of Q1-2021 and many opened at a reduced capacity. While capacity limitations were lifted at the end of Q2-2021, the effects on these entertainment style activities continue to be evident due to reduced receipts compared to normal levels.

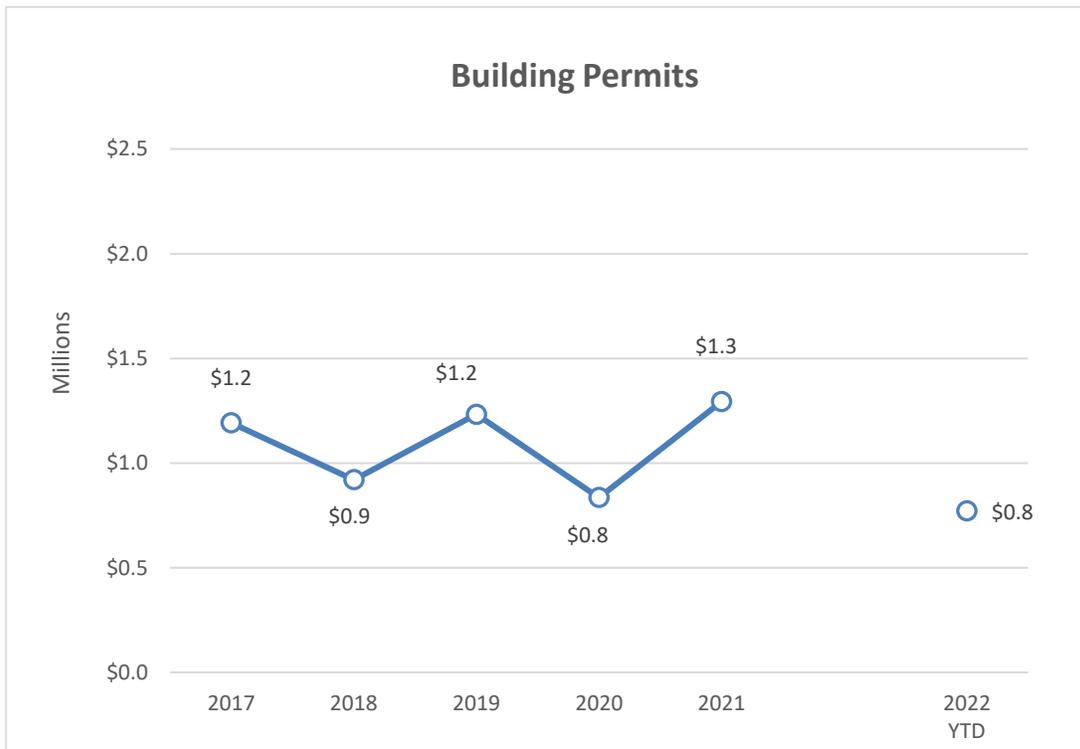
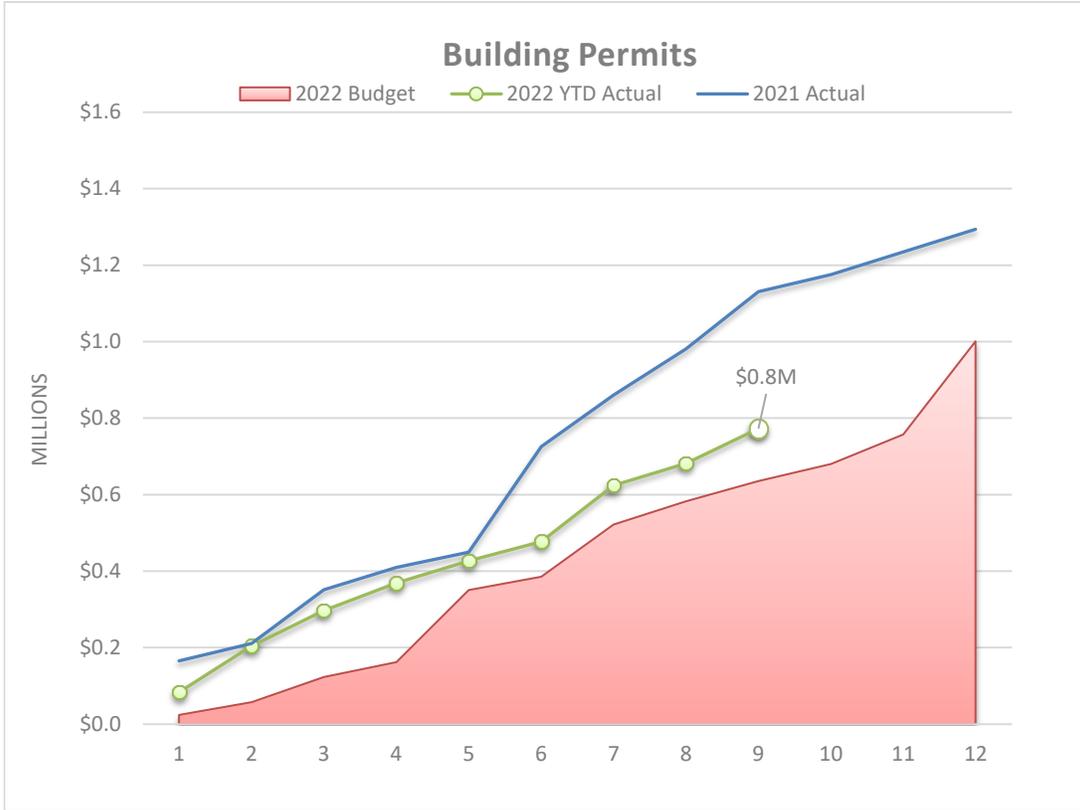


**Licenses and Permits** include business licenses, building permits, plumbing, electric and other licenses and permit fees. Building permit fees and business licenses make up approximately 70% of the annual budgeted revenue in this category.

The City charges an annual fee of \$103 for a **Business License** for each business that is located within the City. The City typically sends out the renewals for the following year around December of each year. Therefore, most of these revenues are collected in December for the following year or in January in the current year. Business license revenues collected through Q3-2022 totaled \$129,000, which was lower than the projected revenues of \$144,900, and \$9,800 less than collections through Q3-2021.

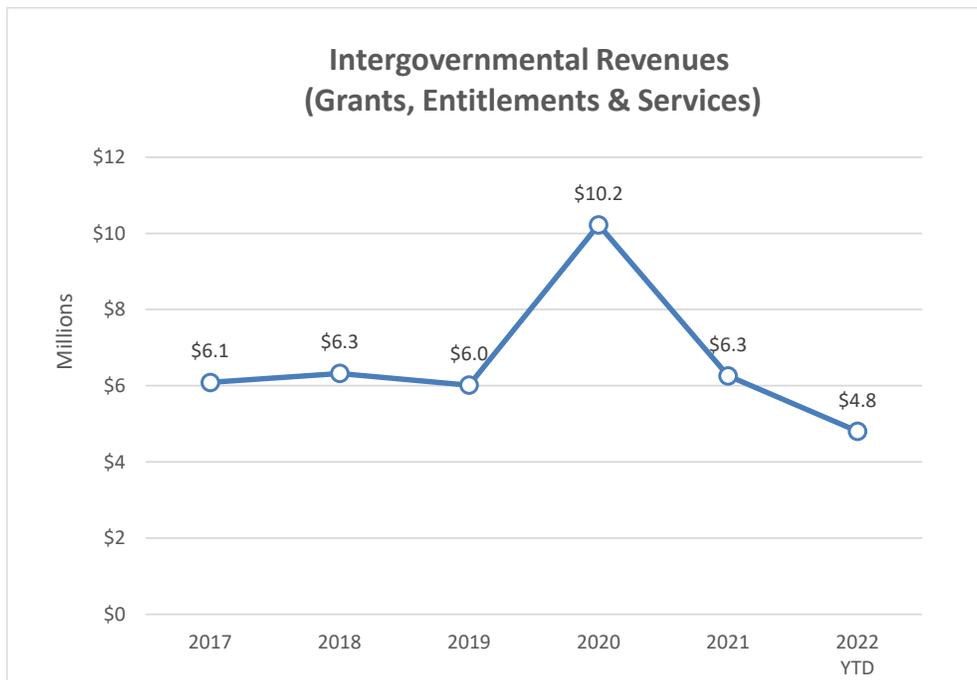


**Building Permit** revenues collected through September 2022 totaled \$772,000. While this is approximately \$358,000 lower than 2021 collections year-to-date, revenues were \$137,000 favorable to budget. A large contributing factor for this favorable variance was the permitting of a seven-story mixed-use building on Main Street known as Divine Court.



**Intergovernmental revenues** include grants and stimulus monies (direct and indirect federal, state and local), revenue from the Muckleshoot Indian Tribe (MIT) compact as well as state shared revenues. Collections through Q3-2022 totaled \$4.8 million and were \$511,000 favorable to budget expectations. Much of this favorable variance is due to the payment made by Muckleshoot Casino per the compact being higher than budgeted for. However, state and interlocal grant collections have been minimal to date, impacting the year-to-date budget vs. actual variance in their respective categories.

Intergovernmental Revenues (Grants, Entitlements & Services)							
Through September 2022							
Revenue	2021	2022	2022	2022 vs. 2021 Actual		2022 vs. Budget	
	YTD Actual	YTD Budget	YTD Actual	Amount	% Change	Amount	% Change
Federal Grants	\$ 50,003	\$ 59,958	\$ 12,161	\$ (37,842)	(75.7) %	\$ (47,796)	126.3 %
State Grants	140,207	404,400	22,589	(117,618)	(83.9) %	(381,811)	324.6 %
Interlocal Grants	136,134	246,600	139,790	3,656	2.7 %	(106,810)	(2921.5) %
Muckleshoot Casino Services	771,994	728,475	1,465,012	693,019	89.8 %	736,537	106.3 %
One-Time Allocation (SB 5092)	-	-	-	-	-	-	-
State Shared Revenues:							
Streamlined Sales Tax	1,250,198	750,000	700,111	(550,087)	(44.0) %	(49,889)	9.1 %
Motor Vehicle Fuel Tax	793,742	770,100	877,056	83,315	10.5 %	106,956	128.4 %
Criminal Justice - High Crime	173,104	162,300	207,922	34,818	20.1 %	45,622	131.0 %
Criminal Justice - Population	19,993	19,900	22,465	2,473	12.4 %	2,565	103.7 %
Criminal Justice - Special Prog.	71,238	73,500	97,286	26,048	36.6 %	23,786	91.3 %
Marijuana Excise Tax	135,905	140,475	179,192	43,287	31.9 %	38,717	89.4 %
State DUI	9,922	9,000	7,179	(2,743)	(27.6) %	(1,821)	66.4 %
Fire Insurance Tax	98,371	88,400	104,661	6,289	6.4 %	16,261	258.5 %
Liquor Excise	418,082	351,936	455,769	37,688	9.0 %	103,833	275.5 %
Liquor Profit	485,614	487,500	512,377	26,763	5.5 %	24,877	93.0 %
Total State Shared:	3,456,167	2,853,111	3,164,018	(292,149)	(8.5) %	310,907	(106.4) %
YTD Total	\$ 4,554,505	\$ 4,292,544	\$ 4,803,571	\$ 249,066	5.5 %	\$ 511,027	11.9 %



Note that 2020 revenue was higher than normal due to the receipt of \$3.8 million in federal CARES grant money from the Department of Treasury.

**Charges for Services** consist of general governmental service charges, public safety charges, development service fees, and culture and recreation fees. Total charges for services collected through September 2022 totaled \$6.6 million and was \$305,000, or 4.8%, more than expected to date.

Charges for Services by Type Through September 2022							
	2021	2022	2022	2022 vs. 2021 Actual		2022 vs. Budget	
Revenue	YTD Actual	YTD Budget	YTD Actual	Amount	Percentage	Amount	Percentage
General Government	\$ 2,486,324	\$ 2,740,155	\$ 2,581,227	\$ 94,902	3.8 %	\$ (158,928)	(5.8) %
Public Safety	891,517	741,150	579,924	(311,593)	(35.0) %	(161,226)	(21.8) %
Development Services	1,273,177	818,000	1,137,072	(136,105)	(10.7) %	319,072	39.0 %
Culture & Recreation	2,026,882	2,006,389	2,312,157	285,276	14.1 %	305,768	15.2 %
YTD Total	\$ 6,677,900	\$ 6,305,694	\$ 6,610,380	\$ (67,520)	(1.0) %	\$ 304,686	4.8 %

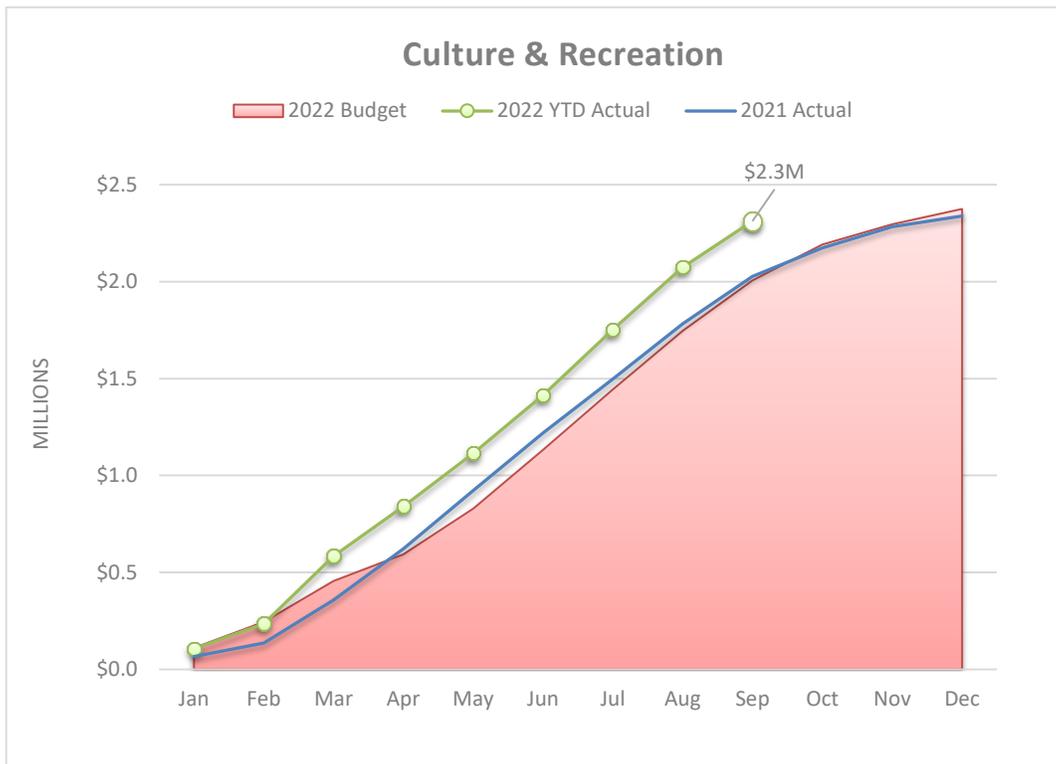
The General Government revenue category primarily includes the interfund assessment for support departments (Finance, Human Resources and Legal). Operating costs for these departments are charged to the respective General Fund home department and a portion of those costs are recouped from other funds via interfund charges. General Government revenues also include fees for passport services, reimbursement from cities participating in the South King Housing and Homelessness Partners (SKHHP), as well as transportation projects. The unfavorable variance of \$159,000 to budget is due to the timing of SKHHP revenues, which are received on a reimbursement basis.

Public safety revenues mainly consist of revenues for law enforcement services, which are extra duty security services whereby police officers are contracted for, and reimbursement is made by the hiring agency. This category 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 for services rendered. Public safety revenues collected in the third quarter of 2022 totaled \$580,000 and were \$161,000 unfavorable to budget, primarily due to lower than anticipated need for extra duty security services.

Development services fee collections consist primarily of plan check fees, facility extension charges, and zoning and subdivision fees. Through Q3-2022, development service fees collected totaled \$1.1 million and were \$319,000 favorable to budget expectations. Major contributors to this variance were FAC linear charges (fees assessed on projects that require extension of public facilities) as well as zoning and subdivision fees; pre-application and preliminary plat fees were higher than expected.

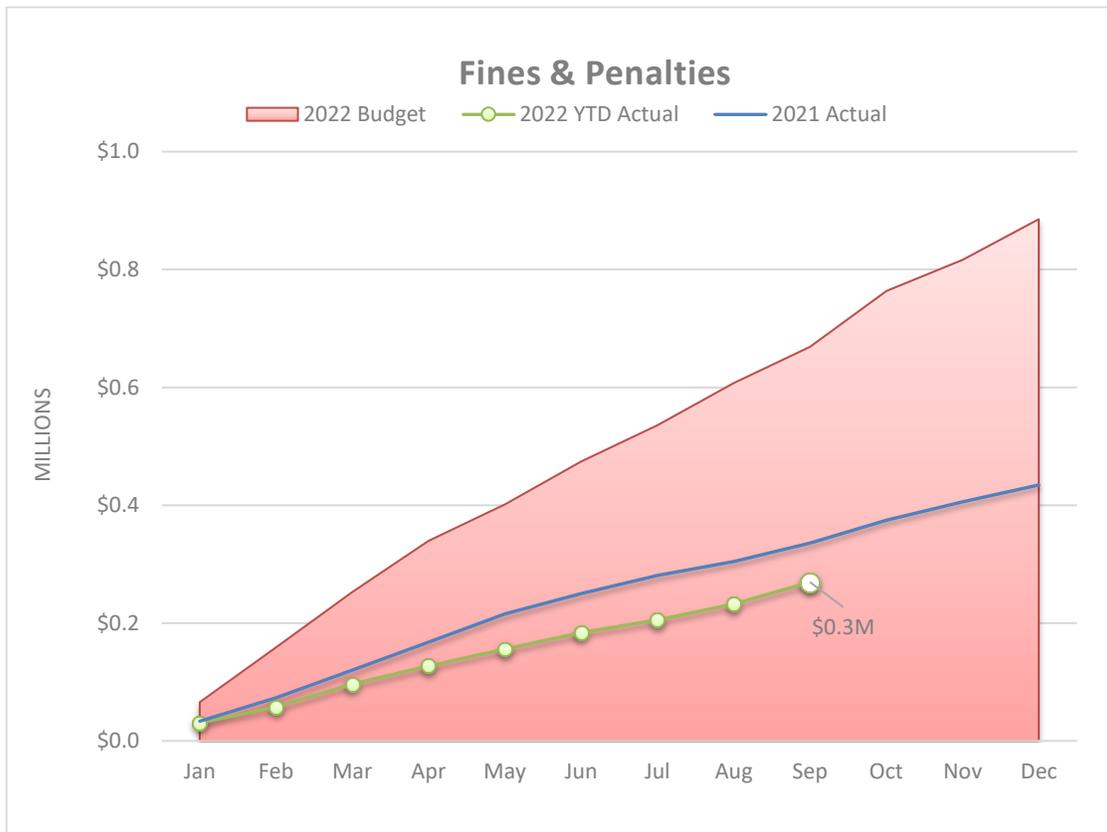


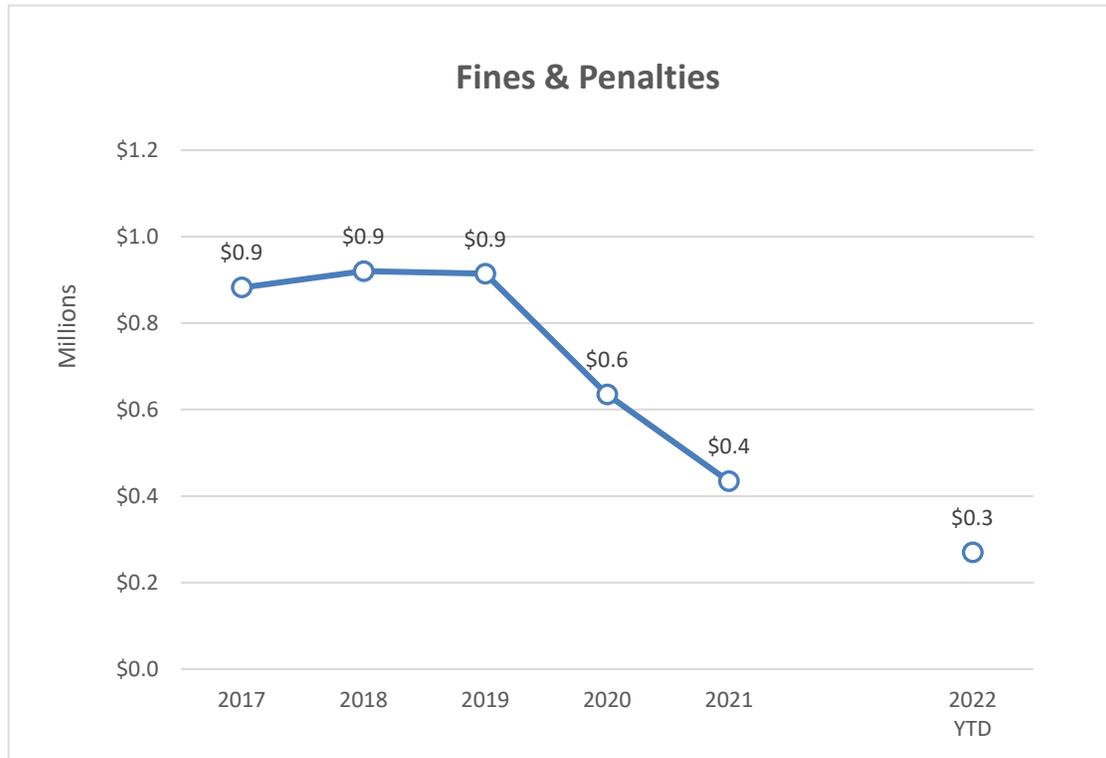
Most of the culture and recreation revenues are derived from greens fees and pro shop sales at the Auburn Golf Course, recreational classes, ticket sales at the Auburn Avenue Theater, senior programs, and special events. Overall, culture and recreation revenues exceeded budget by \$306,000, or 15.2%. Nearly 78% of year-to-date revenues have come from greens fees at the Auburn Golf Course and recreation classes. While greens fee revenues have decreased \$32,000 or 2.4% from the same period last year, recreation class revenues have increased by \$132,000 or 37.9% and special events increased by \$97,000 or 705.1%. This is primarily attributable to COVID-19 restrictions in place during Q1-2021 that have since been eased or removed.



**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 September 2022 totaled \$269,250 as compared to a budget of \$668,750 and were 59.7% below budget expectations primarily due to lower-than-budgeted collections in civil infraction penalties (typically consisting of traffic infractions).

Fines & Penalties by Type Through September 2022							
Month	2021	2022	2022	2022 vs. 2021 Actual		2022 vs. Budget	
	YTD Actual	YTD Budget	YTD Actual	Amount	Percentage	Amount	Percentage
Civil Penalties	\$ 19,747	\$ 19,050	\$ 4,109	\$ (15,638)	(79.2) %	\$ (14,941)	(78.4) %
Civil Infraction Penalties	160,925	328,800	99,958	(60,967)	(37.9) %	(228,842)	(69.6) %
Traffic Photo Enforcement	2,410	114,700	562	(1,848)	(76.7) %	(114,138)	N/A %
Parking Infractions	47,864	84,300	62,118	14,254	29.8 %	(22,182)	(26.3) %
Criminal Traffic Misdemeanor	29,462	29,600	21,830	(7,633)	(25.9) %	(7,770)	(26.3) %
Criminal Non-Traffic Fines	15,599	23,800	27,771	12,172	78.0 %	3,971	16.7 %
Criminal Costs	19,378	9,100	21,597	2,219	11.5 %	12,497	137.3 %
Non-Court Fines & Penalties	40,374	59,400	31,310	(9,064)	(22.4) %	(28,090)	(47.3) %
YTD Total	\$ 335,759	\$ 668,750	\$ 269,254	\$ (66,505)	(19.8) %	\$ (399,496)	(59.7) %

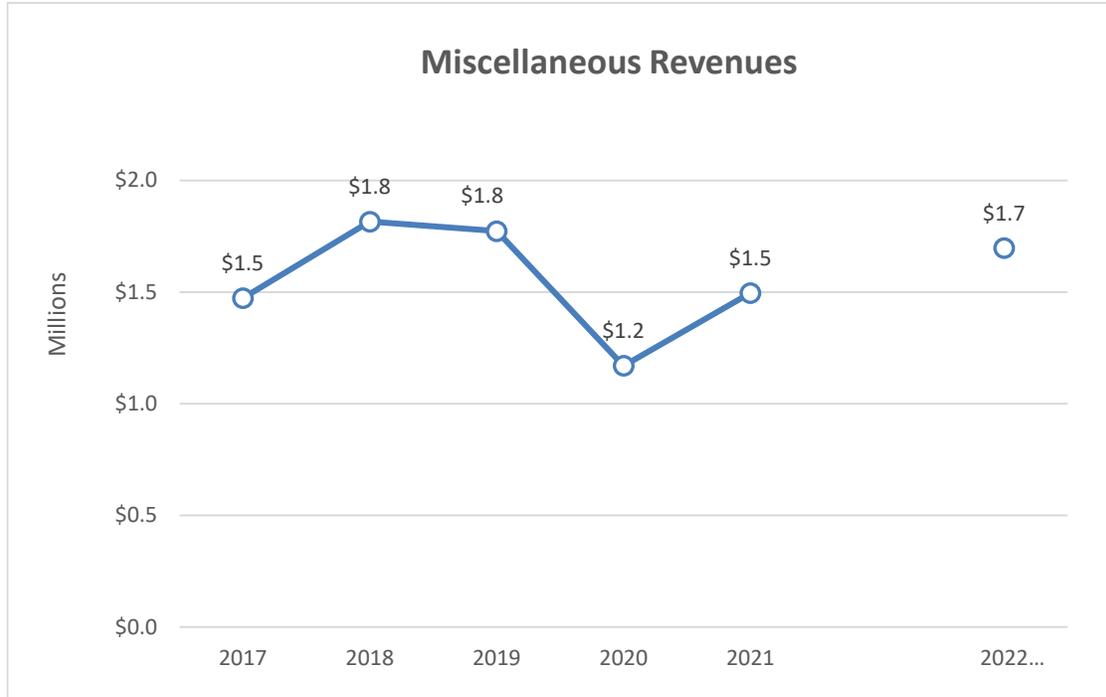




**Miscellaneous Revenues** consist of investment earnings, income from facility rentals, revenue collected for golf cart rentals at the Auburn Golf Course, contributions and donations, and other income including the quarterly purchasing card (P-card) rebate monies.

Miscellaneous Revenues by Type Through September 2022							
Month	2021 YTD Actual	2022 YTD Budget	2022 YTD Actual	2022 vs. 2021 Actual		2022 vs. Budget	
				Amount	Percentage	Amount	Percentage
Interest & Investments	\$ 68,436	\$ 68,400	\$ 334,075	\$ 265,639	388.2 %	\$ 265,675	388.4 %
Rents & Leases	738,100	843,200	921,189	183,089	24.8 %	77,989	9.2 %
Contributions & Donations	12,648	21,300	17,230	4,582	36.2 %	(4,070)	(19.1) %
Other Miscellaneous Revenue	196,203	185,998	425,026	228,822	116.6 %	239,028	128.5 %
YTD Total	\$ 1,015,387	\$ 1,118,898	\$ 1,697,520	\$ 682,132	67.2 %	\$ 578,622	51.7 %

Revenues collected YTD 2022 in this category totals \$1.70 million and were \$579,000 favorable to budget. The majority of the favorable variance to budget was in the other miscellaneous revenue category, largely due to the sale of fixed assets with respect to a fire utility easement. Also contributing to the favorable variance were higher than average pre-payments for facility rentals in the interest & investments category.



**Real Estate Excise Tax (REET)** revenues are taxes on the sale of both commercial properties and single-family residences. These collections are receipted into the Capital Improvement Projects Fund and used for governmental capital projects. REET revenues collected year-to-date in 2022 total \$4.5 million, which is \$2.9 million or 62.9% favorable to budget expectations. This strong performance continues on the heels of 2021, which saw the highest REET revenue collections on record for the City of Auburn. This increase year-to-date 2022 is attributable to the continued growth of the real estate market and increase of property values. A notable contributor to the large favorable variance is the LogistiCenter property in Auburn.

Real Estate Excise Tax Revenues							
Through September 2022							
Month	2021 YTD Actual	2022 YTD Budget	2022 YTD Actual	2022 vs. 2021 Actual		2022 vs. Budget	
				Amount	Percentage	Amount	Percentage
1	328,140	\$ 186,200	235,988	(92,152)	(28.1) %	49,788	21.1 %
2	244,189	186,200	320,851	76,661	31.4 %	134,651	42.0 %
3	423,532	186,200	855,713	432,182	102.0 %	669,513	78.2 %
4	385,966	186,200	530,857	144,891	37.5 %	344,657	64.9 %
5	339,074	186,200	710,134	371,060	109.4 %	523,934	73.8 %
6	447,063	186,200	479,225	32,162	7.2 %	293,025	61.1 %
7	563,422	186,200	331,971	(231,451)	(41.1) %	145,771	43.9 %
8	585,227	186,200	497,294	(87,933)	(15.0) %	311,094	62.6 %
9	946,209	186,200	560,155	(386,054)	(40.8) %	373,955	66.8 %
10	393,570	186,200					
11	474,992	186,200					
12	825,919	186,500					
YTD Total	4,262,823	1,675,800	4,522,189	259,366	6.1%	2,846,389	62.9%



**American Rescue Plan Act (ARPA) Fund**

In March 2021 the American Rescue Plan Act (ARPA) was signed into law, with the intent of mitigating the economic impacts related to COVID-19. Through ARPA’s State and Local Government Fiscal Recovery Fund program, the City was allocated \$14.75 million in funding. Council approved the City’s acceptance of ARPA funds in Resolution #5608, and the general spending categories of those funds (as determined by a Council ad hoc committee) in Ordinance #6832.

As of September 30, 2022, the City has expended \$2.4 million on the following projects:

Title	Budget	Spent This Quarter	Lifetime Spent	Remaining
Police Hiring and Retention Bonuses	850,000		671,809	178,191
SCORE Revenue Loss Replacement	800,000		800,000	-
Police Body Cameras	586,400		543,545	42,855
Utility Assistance Program	525,000	1,757	218,601	306,399
cp2214 - Dykstra Footbridge	500,000		10,357	489,643
ARPA Grants Coordinator	420,000	31,765	62,882	357,118
cp2125 - D St SE & 23rd St SE Storm Improvements	135,000	2,769	2,769	132,231
Auburn Way South Median Landscaping Improvements	50,000		40,187	9,814
Vaccination Incentive	47,500	403	34,980	12,520
Other Projects (not started)	10,837,332		-	10,837,332
	<b>14,751,232</b>	<b>36,694</b>	<b>2,385,128</b>	<b>12,366,104</b>

The Utility Assistance Program will match at 50% any payment made towards the past due balance (up to 50% of the past due balance) on City of Auburn utility accounts that were negatively financially impacted by COVID-19 during the public health emergency from March 2020 to September 2021. In the third quarter of 2022, the City provided utility assistance to three customer accounts, totaling \$1,757 in matching funds.

The Vaccination Incentive Program provides incentive payments City employees who voluntarily attest to being fully vaccinated against COVID-19, and provide proof thereof. This incentive was provided to three qualified individuals in the third quarter of 2022.

Project CP2125 (D Street SE and 23<sup>rd</sup> Street SE Storm Improvements) is using ARPA funding to install curb, gutter and sidewalk along the east side of K Street SE to the south of 21<sup>st</sup> Street SE. In the third quarter of 2022, a total of \$2,769 was spent on this project.

Expected to begin in December is the Clean and Sober Housing Program, budgeted at \$2 million over the life of the program. This program is to assist residents of Auburn who are experiencing homelessness and drug addiction who are willing to enroll in and complete inpatient treatment. The program will cover the costs of clean and sober housing of participants for up to three years if the participant follows the clean and sober housing agreement.

Also expected to begin in December, the City will be upgrading existing wireless access points and installing new access points to expand the reach of the current broadband network to additional Auburn residents.

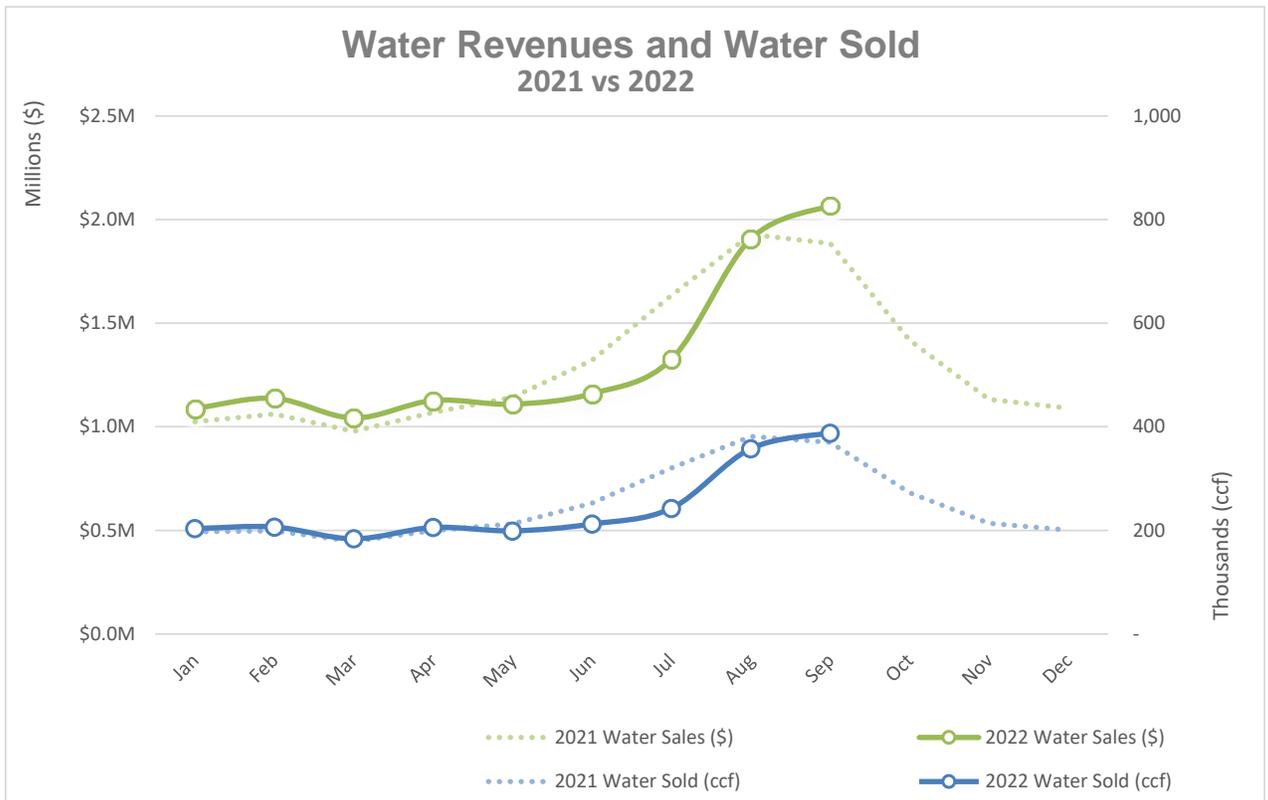
**Utility Enterprise Funds**

Utility activities are divided between operating funds and capital sub-funds. 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 September 2022, the **Water Utility** had operating income of \$4.3 million (operating revenues less operating expenditures), approximately \$25,000 below the same period as last year. Water Fund operating revenues were \$143,000 or 1.2% higher than Q3-2021; the majority of this variance was due to higher interest earnings, and rents, and concessions. Operating expenditures also increased by \$168,000 mainly due to an increase in service charges and interfund operating rentals and supplies.

Billable water consumption through September 2022 totaled 2,197,933 hundred cubic feet (ccf), a decrease of 113,072 ccf (3.8%) over Q3-2021. The largest driver of this decrease were single family and duplex, irrigation, and deduct meters, while multi-family saw an increase over last year.

There is also a trend of decreased year-over-year consumption on a *per account* basis due largely to conservation efforts and appliance efficiency improvements, which are anticipated in the Utilities Comprehensive Plan.



Through September 2022, the **Sewer Utility** finished with operating income of \$1.2 million as compared to \$894,000 through September 2021. Operating revenues were up \$486,000 or 7.2% from the same period last year due to stronger performance in charges for City sewer service. Operating expenses were up \$201,000 mainly due to increased service charges, as well as increased personnel and interfund service costs.

Through September 2022, the **Stormwater Utility** had operating income of \$1.9 million compared with \$1.8 million in the same period last year. Operating revenues were up \$379,000 compared to third quarter of 2021 due to charges for City storm service and interest earnings. As most Stormwater Utility charges are based on a flat rate, there are not typically significant fluctuations in this revenue.

Operating expenditures in the Stormwater Utility were up \$165,000 compared to the third quarter of last year. This increase was mainly due to higher service charges and supplies.

### **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 the year. 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.

### **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](mailto:jdthomas@auburnwa.gov).

**SALES TAX SUMMARY  
SEPTEMBER 2022 SALES TAX DISTRIBUTIONS (FOR JULY 2022 RETAIL ACTIVITY)**

NAICS	CONSTRUCTION	2021 Annual Total (Nov '20-Oct '21)	2021 YTD (Nov '20-July '21)	2022 YTD (Nov '21-July '22)	YTD % Diff
236	Construction of Buildings	1,822,597	1,353,952	1,092,895	-19.3%
237	Heavy and Civil Construction	204,312	144,856	130,938	-9.6%
238	Specialty Trade Contractors	1,007,202	706,440	870,616	23.2%
<b>TOTAL CONSTRUCTION</b>		<b>\$ 3,034,111</b>	<b>\$ 2,205,248</b>	<b>\$ 2,094,449</b>	<b>-5.0%</b>
<b>Overall Change from Previous Year</b>					
				<b>\$ (110,799)</b>	

NAICS	AUTOMOTIVE	2021 Annual Total (Nov '20-Oct '21)	2021 YTD (Nov '20-July '21)	2022 YTD (Nov '21-July '22)	YTD % Diff
441	Motor Vehicle and Parts Dealer	4,296,210	3,216,009	3,274,580	1.8%
447	Gasoline Stations	259,015	203,335	132,017	-35.1%
457	Gasoline Stations and Fuel Dealers	0	0	94,731	N/A
<b>TOTAL AUTOMOTIVE</b>		<b>\$ 4,555,224</b>	<b>\$ 3,419,344</b>	<b>\$ 3,501,328</b>	<b>2.4%</b>
<b>Overall Change from Previous Year</b>					
				<b>\$ 81,984</b>	

NAICS	MANUFACTURING	2021 Annual Total (Nov '20-Oct '21)	2021 YTD (Nov '20-July '21)	2022 YTD (Nov '21-July '22)	YTD % Diff
311	Food Manufacturing	10,030	7,171	15,075	110.2%
312	Beverage and Tobacco Products	14,270	10,149	9,775	-3.7%
313	Textile Mills	728	582	679	16.7%
314	Textile Product Mills	2,905	2,466	2,277	-7.7%
315	Apparel Manufacturing	1,759	1,430	815	-43.0%
316	Leather and Allied Products	612	463	526	13.6%
321	Wood Product Manufacturing	21,166	13,912	25,909	86.2%
322	Paper Manufacturing	5,379	3,866	3,816	-1.3%
323	Printing and Related Support	53,224	34,849	82,104	135.6%
324	Petroleum and Coal Products	15	7	20	182.9%
325	Chemical Manufacturing	14,340	8,565	18,882	120.4%
326	Plastics and Rubber Products	7,555	5,421	7,068	30.4%
327	Nonmetallic Mineral Products	18,959	13,847	16,796	21.3%
331	Primary Metal Manufacturing	8,894	8,633	796	-90.8%
332	Fabricated Metal Product Manuf	38,660	21,429	35,221	64.4%
333	Machinery Manufacturing	17,222	13,550	16,097	18.8%
334	Computer and Electronic Product	15,944	11,952	22,656	89.6%
335	Electric Equipment, Appliances	1,074	804	2,743	241.3%
336	Transportation Equipment Man	219,977	74,368	319,777	330.0%
337	Furniture and Related Products	14,021	10,061	11,954	18.8%
339	Miscellaneous Manufacturing	34,746	23,298	34,918	49.9%
<b>TOTAL MANUFACTURING</b>		<b>\$ 501,480</b>	<b>\$ 266,821</b>	<b>\$ 627,904</b>	<b>135.3%</b>
<b>Overall Change from Previous Year</b>					
				<b>\$ 361,084</b>	

NAICS	RETAIL TRADE	2021 Annual Total (Nov '20-Oct '21)	2021 YTD (Nov '20-July '21)	2022 YTD (Nov '21-July '22)	YTD % Diff
442	Furniture and Home Furnishings	290,161	207,364	122,821	-40.8%
443	Electronics and Appliances	343,833	246,979	190,052	-23.0%
444	Building Material and Garden	802,678	607,196	609,552	0.4%
445	Food and Beverage Stores	487,109	362,464	415,847	14.7%
446	Health and Personal Care Store	391,338	294,294	207,623	-29.5%
448	Clothing and Accessories	1,122,519	828,431	561,704	-32.2%
449	Furniture, Home Furnishings, Electronics, and	0	0	139,340	N/A
451	Sporting Goods, Hobby, Books	334,027	248,647	177,415	-28.6%
452	General Merchandise Stores	916,949	707,556	463,044	-34.6%
453	Miscellaneous Store Retailers	1,493,818	1,117,058	780,751	-30.1%
454	Nonstore Retailers	279,532	217,858	137,732	-36.8%
455	General Merchandise Retailers	0	0	218,076	N/A
456	Health and Personal Care Retailers	0	0	91,507	N/A
458	Clothing, Clothing Accessories, Shoe, and Jew	0	0	275,509	N/A
459	Sporting Goods, Hobby, Musical Instrument, E	0	0	547,791	N/A
<b>TOTAL RETAIL TRADE</b>		<b>\$ 6,461,966</b>	<b>\$ 4,837,848</b>	<b>\$ 4,938,763</b>	<b>2.1%</b>
<b>Overall Change from Previous Year</b>					
				<b>\$ 100,916</b>	

NAICS	TRANSPORTATION AND WAREHOUSING	2021 Annual Total (Nov '20-Oct '21)	2021 YTD (Nov '20-July '21)	2022 YTD (Nov '21-July '22)	YTD % Diff
481	Air Transportation	0	0	0	N/A
482	Rail Transportation	21,189	14,931	19,531	30.8%
483	Water Transportation	0	0	0	N/A
484	Truck Transportation	30,906	20,569	26,260	27.7%
485	Transit and Ground Passengers	2	0	135	29219.6%
488	Transportation Support	46,167	34,668	41,705	20.3%
491	Postal Service	736	576	589	2.3%
492	Couriers and Messengers	265,381	197,079	99,889	-49.3%
493	Warehousing and Storage	8,727	7,396	8,801	19.0%
<b>TOTAL TRANSPORTATION</b>		<b>\$ 373,108</b>	<b>\$ 275,220</b>	<b>\$ 196,911</b>	<b>-28.5%</b>
<b>Overall Change from Previous Year</b>					
				<b>\$ (78,308)</b>	

NAICS	SERVICES	2021 Annual Total (Nov '20-Oct '21)	2021 YTD (Nov '20-July '21)	2022 YTD (Nov '21-July '22)	YTD % Diff
51*	Information	759,640	566,247	634,572	12.1%
52*	Finance and Insurance	157,662	119,438	159,383	33.4%
53*	Real Estate, Rental, Leasing	448,984	330,260	340,096	3.0%
541	Professional, Scientific, Tech	481,644	356,560	395,100	10.8%
551	Company Management	48	34	733	2083.9%
56*	Admin. Supp., Remed Svcs	792,428	610,208	588,169	-3.6%
611	Educational Services	44,374	27,782	36,753	32.3%
62*	Health Care Social Assistance	99,456	76,768	94,343	22.9%
71*	Arts and Entertainment	74,095	42,873	81,070	89.1%
72*	Accommodation and Food Svcs	1,429,205	1,020,121	1,121,505	9.9%
81*	Other Services	632,779	458,811	569,311	24.1%
92*	Public Administration	3,918	2,798	2,143	-23.4%
<b>TOTAL SERVICES</b>		<b>\$ 4,924,232</b>	<b>\$ 3,611,899</b>	<b>\$ 4,023,179</b>	<b>11.4%</b>
<b>Overall Change from Previous Year</b>					
				<b>\$ 411,280</b>	

NAICS	WHOLESALE TRADE	2021 Annual Total (Nov '20-Oct '21)	2021 YTD (Nov '20-July '21)	2022 YTD (Nov '21-July '22)	YTD % Diff
423	Wholesale Trade, Durable Goods	1,066,703	801,742	885,639	10.5%
424	Wholesale Trade, Nondurable	337,782	251,904	245,893	-2.4%
425	Wholesale Electronic Markets	19,109	15,120	16,819	11.2%
<b>TOTAL WHOLESALE</b>		<b>\$ 1,423,595</b>	<b>\$ 1,068,765</b>	<b>\$ 1,148,352</b>	<b>7.4%</b>
<b>Overall Change from Previous Year</b>					
				<b>\$ 79,587</b>	

NAICS	MISCELLANEOUS	2021 Annual Total (Nov '20-Oct '21)	2021 YTD (Nov '20-July '21)	2022 YTD (Nov '21-July '22)	YTD % Diff
000	Unknown	0	0	0	N/A
111-115	Agriculture, Forestry, Fishing	7,443	5,908	6,087	3.0%
211-221	Mining & Utilities	37,007	27,218	30,047	10.4%
999	Unclassifiable Establishments	365,056	248,310	241,498	-2.7%
<b>TOTAL SERVICES</b>		<b>\$ 409,506</b>	<b>\$ 281,436</b>	<b>\$ 277,632</b>	<b>-1.4%</b>
<b>Overall Change from Previous Year</b>					
				<b>\$ (3,804)</b>	

GRAND TOTAL	2021 Annual Total (Nov '20-Oct '21)	2021 YTD (Nov '20-July '21)	2022 YTD (Nov '21-July '22)	YTD % Diff
	<b>\$ 21,683,222</b>	<b>\$ 15,966,580</b>	<b>\$ 16,808,519</b>	<b>5.3%</b>
<b>Overall Change from Previous Year</b>				
			<b>\$ 841,939</b>	

**Total September 2022 Sales Tax Distributions** **\$ 1,953,081**

**Percent Change from September 2021** **5.0%**

**Comparisons:**  
**September 2021** **\$ 1,860,960**  
**September 2020** **\$ 1,858,640**

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

- a. WA State Department of Revenue adjustment to sales tax returns for July 2021 Reporting (adjustment: \$42,412).
- b. WA State Department of Revenue adjustment to sales tax returns for January 2022 Reporting (adjustment: -\$23,324).
- c. WA State Department of Revenue adjustment to sales tax returns for January 2022 Reporting (adjustment: \$223,728).
- d. WA State Department of Revenue adjustment to sales tax returns for February 2022 Reporting (adjustment: \$15,861).
- e. WA State Department of Revenue adjustment to sales tax returns for May 2022 Reporting (adjustment: \$15,726).