

## AGENDA BILL APPROVAL FORM

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**Agenda Subject:**

3rd Quarter 2023 Financial Update (Thomas) (20 Minutes)

**Department:**

Finance

**Attachments:**

[Financial Report through September 2023](#)  
[2023 Q3 Financial Update presentation](#)

**Date:**

November 30, 2023

**Budget Impact:**

Current Budget: \$0  
Proposed Revision: \$0  
Revised Budget: \$0

**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, 2023, based on financial data available as of November 15, 2023.

**Reviewed by Council Committees:**

**Councilmember:** Baldwin

**Staff:** Thomas

**Meeting Date:** December 11, 2023

Item Number:

This report provides an overview of the City’s overall financial position for the fiscal period ending September 30, 2023, reflecting financial data available as of November 15, 2023. References to budget, actual and prior year amounts reflect year-to-date numbers, unless explicitly stated otherwise. Year-to-date budget expectations are generally based on the two prior years of data.

**General Fund Overview**

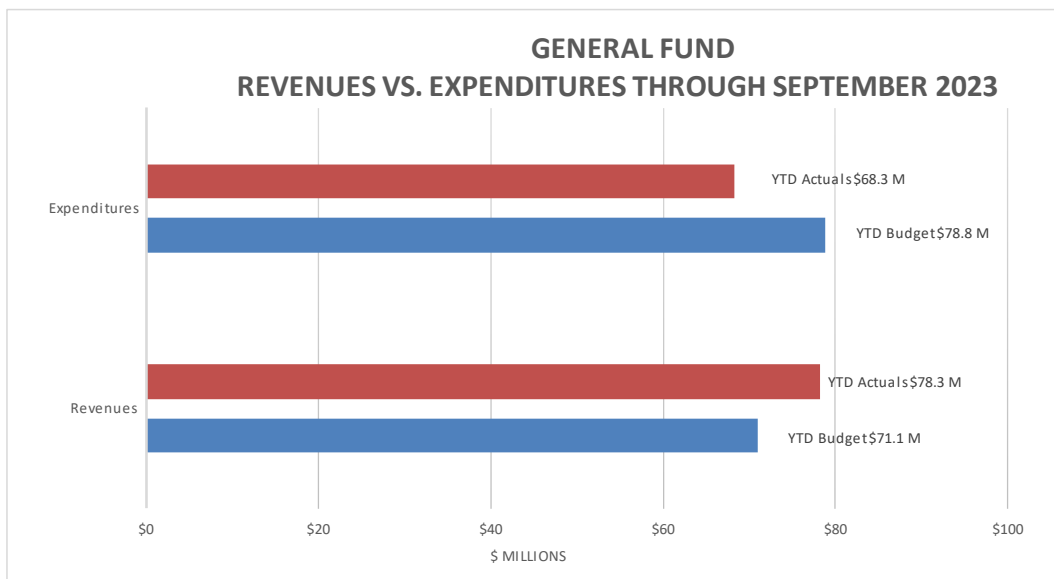
Coming off a robust 2022 fiscal year, the City has embraced a new biennial budget cycle starting in 2023. Consistent with prior years, General Fund revenues have generally exceeded budget expectations and largely recovered from the impact of COVID-19. With the adoption of budget amendment #2 in July 2023, the annual budget consists of \$97.5 million in revenues and \$107.1 million in expenditures, for a planned decrease in General Fund balance of \$9.6 million.

Last year the City implemented a citywide Business and Occupation (B&O) tax, wherein businesses are taxed based on the value of gross receipts or square footage of occupied warehousing space, subject to certain exceptions. This new revenue stream achieved a total of \$3.0 million in 2022 and has already provided \$8.2 million year-to-date in 2023. The City anticipates that B&O revenues will remain consistent throughout the end of the year, significantly surpassing budget expectations.

Due to a change in the renewal schedule for business licenses and increased discovery through B&O tax collections, the City has seen an increase of roughly \$253,000 or 158% in business license revenue compared to last year.

The City offers a wide range of recreational classes and access to the Auburn Golf Course. Green fees at the Auburn Golf Course have remained a staple revenue source for the City, comprising roughly 52% of the total culture and recreation revenues. Recreational classes have significantly increased by 28% from 2022 collections, a hopeful indication that the City is returning to pre-pandemic activity levels.

Overall, General Fund revenues collected through Q3-2023 totaled \$78.3 million as compared to a year-to-date budget of \$71.1 million, and were \$7.2 million, or **10.2% above** budget expectations. General Fund expenditures through Q3-2023 totaled \$68.3 million compared to a year-to-date budget of \$78.8 million; resulting in a \$10.4 million or **13.2% underspend**.



Revenue: The following factors had the most significant impacts on the budget vs. actual revenue collected:

- B&O Tax: Revenues collected through Q3-2023 totaled \$8.5 million, exceeding the annual budget by \$3.0 million. Some of this favorable variance is due to the collection of tax obligation incurred in prior years, and is not expected to continue at the same level in subsequent years. **[page 4]**
- Retail Sales Tax: The sales tax report through Q3-2023 (which is provided as an attachment to this report) reflects amounts remitted to the City of Auburn based on sales from November 2022 through July 2023. Collections through September 2023 totaled \$17.1 million, a 1.8% increase from last year. Likewise, compared to the year-to-date budget, sales tax has a favorable variance of \$2.1 million or 13.8%. The increase resulted from multiple categories, particularly services and automotive. **[pages 5-7]**
- Solid Waste Tax - External: Q3-2023 revenues collected totaled \$1.3 million which was \$1.2 million favorable to the year-to-date budget. This is largely due to the collection of backdated utility tax revenues from City solid waste haulers. The City anticipates the continued collection of these backdated taxes throughout the remainder of the year. **[pages 7-8]**
- Fines and Penalties: Collections through Q3-2023 were \$1.4 million in total and \$1.1 million favorable to budget. A new photo enforcement program implemented by the City during the second quarter of the year has contributed \$310,000 toward the favorable variance. Other non-court fines and penalties are \$773,000 favorable versus budget expectations, mainly due to interest and penalties on B&O tax collection. **[page 16]**
- City Interfund Utility Tax: As mentioned in previous reports, in 2022 there was a notable change in how the interfund utility taxes are transferred between the General Fund and the City's pass-through King County Metro Sewer sub-fund. Utility tax revenues through Q3-2023 were \$650,000 unfavorable to budget. Factoring in an accounting adjustment in late 2022, collections are favorable by \$1.8 million against prior year-to-date revenues. **[pages 7-8]**

Expenditures: Almost all departments operated within budget expectations through the third quarter of 2023, with some variances due to the timing of professional services payments, as well as expenses related to operating supplies. Of the favorable variance to budget mentioned above, roughly \$458,000 is comprised of underspend professional services and charges, and an additional \$2.3 million of underspend is from lower personnel costs largely due to position vacancies across the City. As of the compilation of this report, there were 29 vacant regular full-time positions in the City.

## Enterprise Funds Overview

The City's enterprise funds account for operations with revenues primarily provided from user fees, charges, or contracts for services. Significant for 2023, the City's cash and investment balance increased significantly compared to the same period last year. As a result, interest earnings across all funds increased materially, totaling \$1.3 million more in the enterprise operating funds than through Q3-2022. Another key factor contributing to higher interest earnings was increased interest rates and yields to maturity for the City's investment accounts compared to last year.

The **Water Fund** ended Q3-2023 with operating income of about \$5.3 million, which was approximately \$1.0 million above the same period last year. About \$408,000 of the increase in operating revenue was due to higher interest earnings. **[page 21]**

The **Sewer Fund** ended Q3-2023 with operating income of about \$3.2 million versus \$1.2 million in the same period last year. Service charge and interest revenues increased, while operating expenses decreased \$1.1 million, largely due to the cessation of charging interfund utility tax against the pass-through King County Metro Sewerage revenue. **[page 22]**

The **Stormwater Fund** ended Q3-2023 with operating income of about \$2.3 million compared to \$2.0 million in the same period last year. The increase in revenues (primarily from charges for storm service and interest earnings) were higher than the increase in expenditures, resulting in a 16.9% higher operating income this quarter than the same quarter last year. **[page 22]**

The **Solid Waste Fund** ended Q3-2023 with operating income of about \$724,000. An increase of \$2.9 million in operating revenues over the same period last year was offset by an increase in operating expenditures of \$4.0 million due to higher tax expenditures and payments to the City's solid waste vendor **[page 22]**

## Internal Service Funds Overview

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 Q3-2023. **[page 23]**

**General Fund Details**

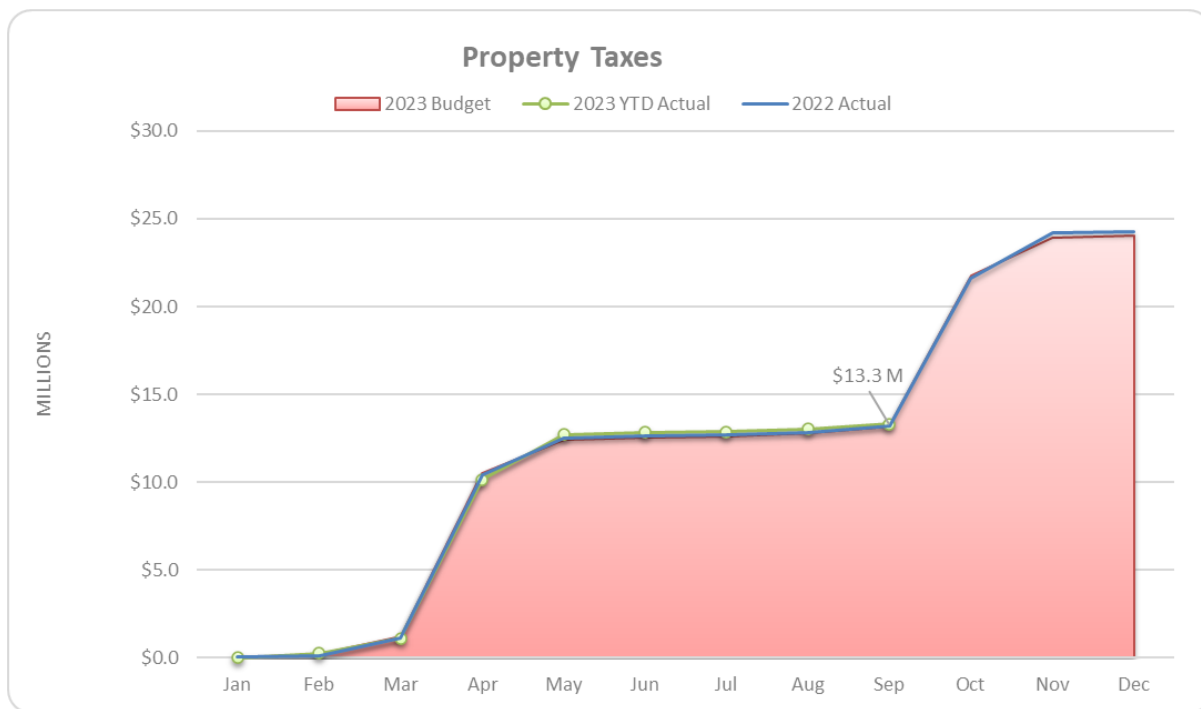
The following chart is a detailed breakdown of the General Fund's different sources of revenue and expenditures, broken down by department:

General Fund Summary of Sources and Uses	2023			2022	2023 YTD Budget vs. Actual	
	Annual Budget	YTD Budget	YTD Actual	YTD Actual	Favorable (Unfavorable) Amount	Percentage
<b>Operating Revenues</b>						
Property Tax	\$ 24,016,247	\$ 13,161,000	\$ 13,312,970	\$ 13,190,280	\$ 151,970	1.2 %
Retail Sales Tax	20,344,500	15,027,100	17,105,897	16,808,519	2,078,797	13.8 %
Affordable Housing Sales Tax Credit	174,963	118,800	100,399	102,190	(18,402)	(15.5) %
Sales Tax - Pierce County Parks	125,000	92,500	99,283	99,961	6,783	7.3 %
Criminal Justice Sales Tax	2,441,300	1,776,400	2,327,079	2,214,989	550,679	31.0 %
Brokered Natural Gas Tax	150,000	116,200	267,471	167,949	151,271	130.2 %
City Utilities Tax	6,776,697	5,361,000	4,709,841	5,151,760	(651,159)	(12.1) %
Business & Occupation Tax	5,480,960	4,795,840	8,521,897	1,979,741	3,726,057	77.7 %
Admissions Tax	308,740	254,600	284,076	176,087	29,476	11.6 %
Electric Tax	4,357,031	3,350,300	3,380,170	3,111,165	29,870	0.9 %
Natural Gas Tax	1,638,857	1,292,200	1,297,025	1,107,927	4,825	0.4 %
Cable Franchise Fee	897,035	672,776	650,579	456,739	(22,197)	(3.3) %
Cable Utility Tax	949,064	711,798	692,837	767,607	(18,961)	(2.7) %
Cable Franchise Fee - Capital	52,484	39,363	38,693	39,396	(670)	(1.7) %
Telephone Tax	500,974	380,354	336,654	422,710	(43,700)	(11.5) %
Solid Waste Tax (external)	60,462	29,923	1,253,280	55,129	1,223,357	4088.4 %
Leasehold Excise Tax	246,514	232,314	251,394	228,661	19,080	8.2 %
Gambling Excise Tax	293,300	207,420	243,746	177,773	36,326	17.5 %
<b>Taxes sub-total</b>	<b>\$ 68,814,128</b>	<b>\$ 47,619,888</b>	<b>\$ 54,873,290</b>	<b>\$ 46,258,583</b>	<b>\$ 7,253,402</b>	<b>15.2 %</b>
Business License Fees	\$ 450,000	\$ 160,500	\$ 413,537	\$ 128,986	\$ 253,037	157.7 %
Building Permits	933,364	773,800	590,532	772,389	(183,268)	(23.7) %
Other Licenses & Permits	1,128,000	926,400	1,052,048	757,819	125,648	13.6 %
Intergovernmental (Grants, etc.)	6,582,031	4,718,546	4,497,687	4,803,571	(220,858)	(4.7) %
Charges for Services:						
General Government Services	4,863,272	3,608,026	3,346,174	2,581,227	(261,852)	(7.3) %
Public Safety	1,057,000	792,750	773,804	579,924	(18,946)	(2.4) %
Development Services Fees	1,130,517	921,000	832,887	1,137,072	(88,113)	(9.6) %
Culture and Recreation	2,481,335	2,135,309	2,740,415	2,312,157	605,106	28.3 %
Fines and Penalties	422,975	305,694	1,379,994	269,254	1,074,300	351.4 %
<b>Fees/Charges/Fines sub-total</b>	<b>\$ 19,048,494</b>	<b>\$ 14,342,024</b>	<b>\$ 15,627,078</b>	<b>\$ 13,342,399</b>	<b>\$ 1,285,054</b>	<b>9.0 %</b>
Interest and Investment Earnings	\$ 366,700	\$ 275,025	\$ 891,832	\$ 393,440	\$ 616,807	224.3 %
Rents and Leases	1,109,234	811,800	1,029,401	921,189	217,601	26.8 %
Contributions and Donations	21,000	11,261	25,421	17,230	14,160	125.7 %
Other Miscellaneous	299,110	248,587	371,846	425,026	123,259	49.6 %
Transfers In	7,703,978	7,667,913	5,232,897	821,014	(2,435,016)	(31.8) %
Insurance Recoveries - Capital & Operating	118,400	88,800	246,312	95,473	157,512	177.4 %
<b>Other Revenues sub-total</b>	<b>\$ 9,618,422</b>	<b>\$ 9,103,386</b>	<b>\$ 7,797,709</b>	<b>\$ 2,673,371</b>	<b>\$ (1,305,677)</b>	<b>(14.3) %</b>
<b>Total Operating Revenues</b>	<b>\$ 97,481,044</b>	<b>\$ 71,065,299</b>	<b>\$ 78,298,077</b>	<b>\$ 62,274,354</b>	<b>\$ 7,232,778</b>	<b>10.2 %</b>
<b>Operating Expenditures</b>						
Council & Mayor	\$ 1,415,188	\$ 1,039,400	\$ 1,081,025	\$ 1,108,009	\$ (41,625)	(4.0) %
Administration	1,280,462	967,200	930,314	800,072	36,886	3.8 %
Human Resources	2,374,011	1,761,300	1,732,277	1,508,386	29,023	1.6 %
Municipal Court & Probation	3,038,838	2,799,579	2,224,184	1,955,758	575,395	20.6 %
Finance	5,088,323	3,825,600	3,461,109	2,759,963	364,491	9.5 %
City Attorney	7,366,952	5,420,200	4,433,389	3,275,084	986,811	18.2 %
Community Development	9,931,959	6,649,600	5,631,503	4,548,731	1,018,097	15.3 %
DEI	705,913	529,200	344,016	-	185,184	35.0 %
Jail - SCORE	5,600,000	4,200,300	3,865,469	3,642,867	334,831	8.0 %
Police	35,936,986	26,484,100	24,902,106	23,247,236	1,581,994	6.0 %
Public Works	4,785,592	3,534,600	3,302,992	2,667,532	231,608	6.6 %
Parks, Arts & Recreation	15,927,192	11,648,900	11,699,114	10,335,833	(50,214)	(0.4) %
Streets	4,769,219	3,479,100	3,015,496	2,702,800	463,604	13.3 %
Non-Departmental	8,876,888	6,443,539	1,721,162	1,922,206	4,722,378	73.3 %
<b>Total Operating Expenditures</b>	<b>\$ 107,097,523</b>	<b>\$ 78,782,618</b>	<b>\$ 68,344,155</b>	<b>\$ 60,474,475</b>	<b>\$ 10,438,463</b>	<b>13.2 %</b>

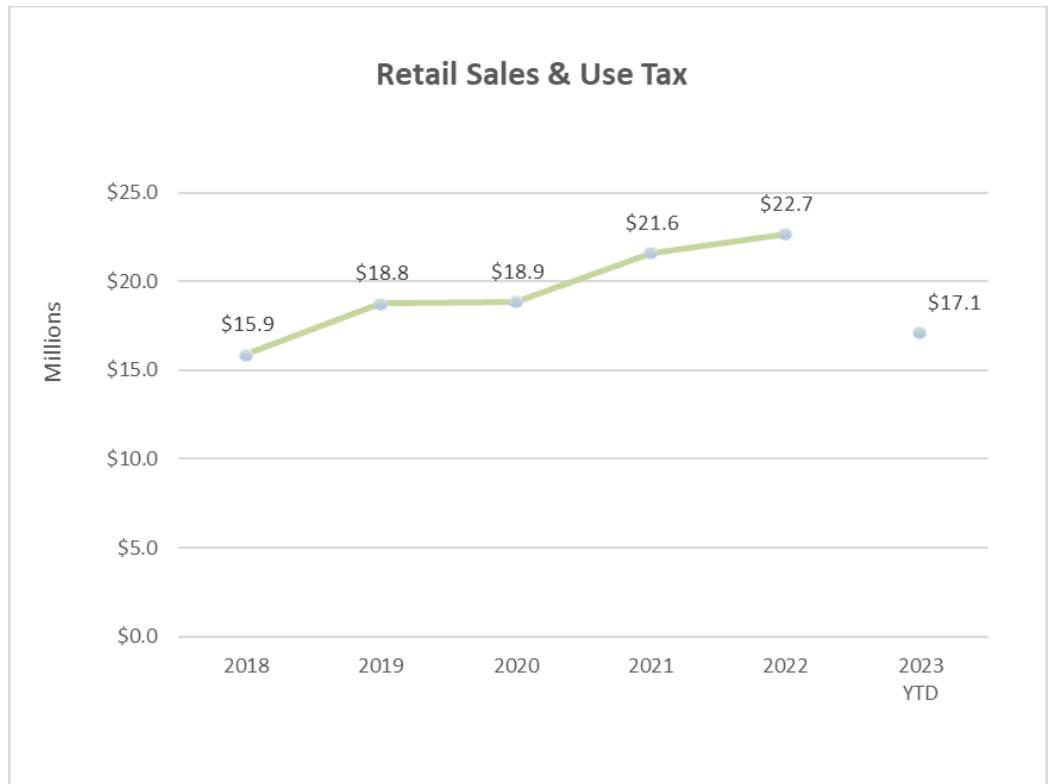
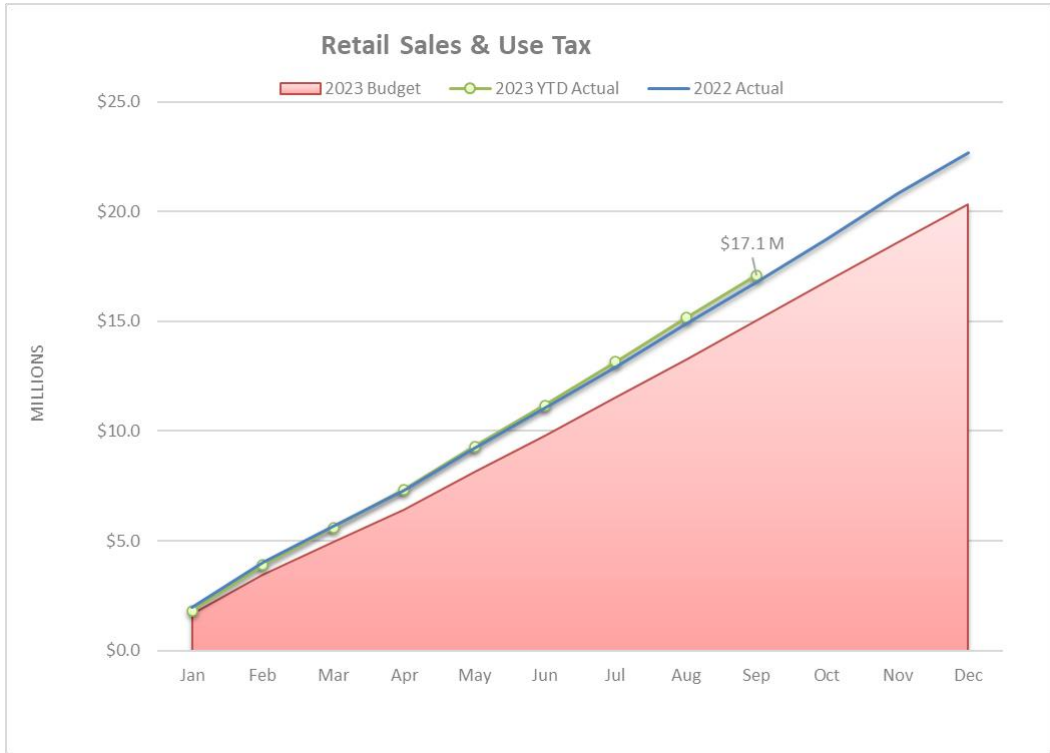
**Revenue**

The combined total of property, sales and use, utility, gambling, and admissions taxes provides over 70% of all resources supporting general governmental activities. Licenses, charges for services, intergovernmental revenue (grants, state shared revenue, etc.) and fines contribute a further 20% of total revenue to the General Fund. The remaining 10% is comprised of a combination of different sources that are considered to be one-time resources. The following section provides additional information on the most significant tax resource streams.

**Property Tax** collections through the third quarter of 2023 totaled roughly \$13.3 million as compared to a year-to-date budget of \$13.2 million. Coinciding with the due dates for County property tax billings, the City collected 87.2% of the year-to-date 2023 revenues during the months of April and May. As depicted in the chart below, the next influx of property tax revenues is expected to occur during the fourth quarter. Since 2016, we have seen annual increases versus the prior year totals and project the same will hold in 2023.



**Retail Sales Tax** collections through Q3-2023 totaled \$17.1 million, representing taxes remitted to the City of Auburn based on sales from November 2022 through July 2023. Overall, collections were roughly \$297,000 higher through the first three quarters of 2023 than the same period in 2022, with strong performances in the automotive (+\$201,500), services (+\$170,500), and wholesale (+\$93,375) industries more than offsetting slight decreases in most of the remaining industries. Within the retail trade sector, sales tax revenues generated from sporting goods, hobby, and music retailers have seen a significant increases versus the same period last year, and correlate with the increase in culture and recreation charges for service revenues. The notable exception to the trend of stable or increased collections is the manufacturing industry: due to a large one-time contribution in Q1-2022, manufacturing collections are down \$220,500 (35.1%). With a year-to-date 2023 budget expectation of \$15.0 million, sales tax revenues have a \$2.1 million favorable variance to the budget. The City projects sales tax revenues will continue this upward trend as we have seen in years prior.



**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 2023				
Component Group	2022 YTD Actual	2023 YTD Actual	Change from 2022	
			Amount	Percentage
Construction	\$ 2,094,449	\$ 2,164,791	\$ 70,341	3.4 %
Manufacturing	627,904	407,396	(220,509)	(35.1) %
Transportation & Warehousing	196,911	169,788	(27,123)	(13.8) %
Wholesale Trade	1,148,352	1,241,726	93,374	8.1 %
Automotive	3,501,328	3,703,016	201,689	5.8 %
Retail Trade	4,938,763	4,946,384	7,621	0.2 %
Services	4,023,179	4,193,701	170,521	4.2 %
Miscellaneous	277,632	279,096	1,464	0.5 %
YTD Total	\$ 16,808,519	\$ 17,105,897	\$ 297,379	1.8 %

**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). Effective January 1<sup>st</sup>, 2023, Council approved an increase of the City utility tax rate from 10.0% to 11.5%. However, the additional revenue generated from this increase was dedicated to funding City street projects, while the General Fund portion remained at its previous 9.0%.

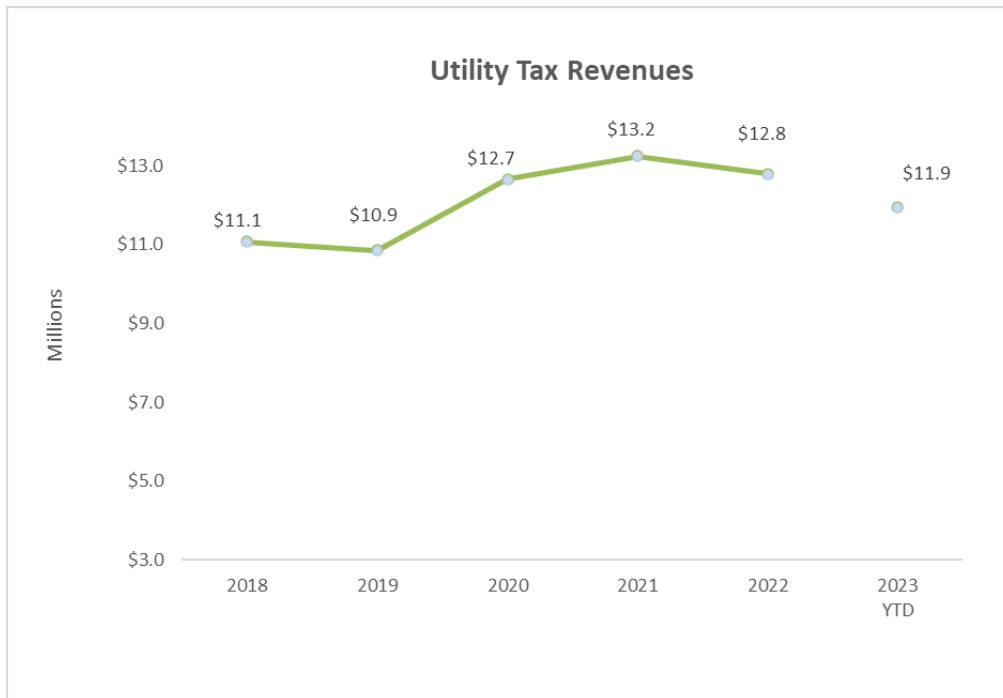
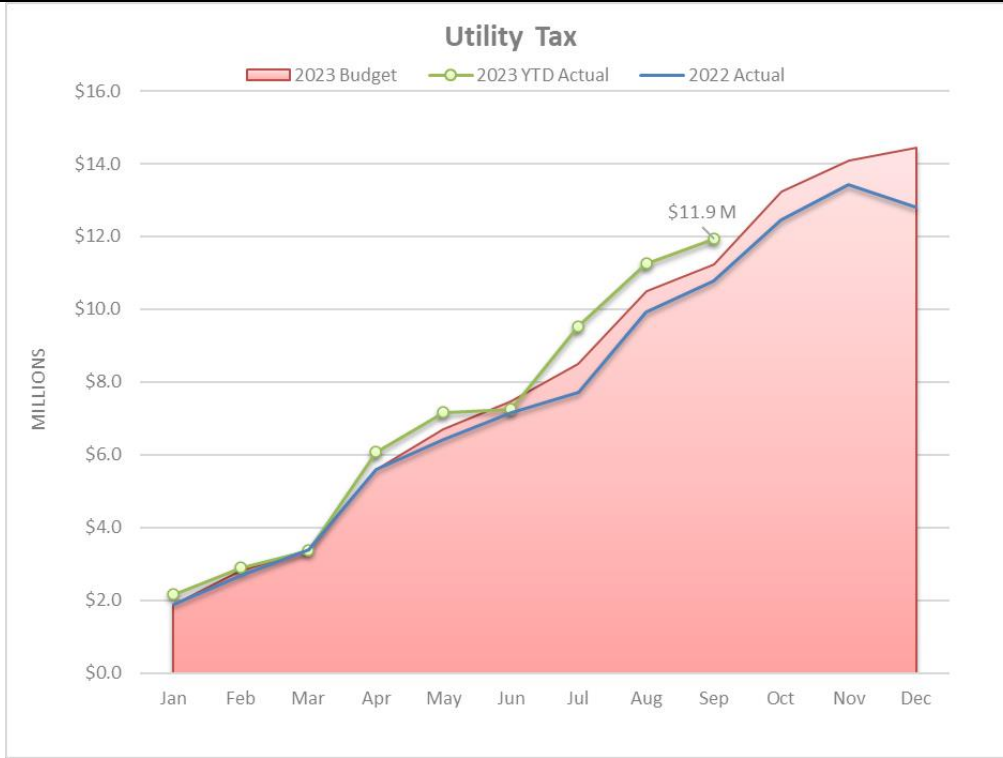
Overall, utility taxes increased by \$1.2 million or 10.7% through Q3-2022, resulting in utility taxes being currently favorable to budget by roughly \$695,500. This is due to the City collecting backdated utility taxes from City haulers which represents a favorable variance of \$1.2 million versus budget within the Solid Waste (external) category. As mentioned in previous reports, the City is no longer applying interfund utility tax to the pass-through revenue from King County Metro sewerage charges causing an unfavorable variance within this category. The City will reassess the annual budget during the budget amendment process and make any adjustments as necessary.

Additionally, as of January 2023 external utility taxes are collected on either a quarterly or annual basis, rather than monthly. Although there have been collections throughout the year, the City anticipates a change to the timing of these revenues in 2023, which will affect year-over-year performance comparisons for the remainder of the year and into 2024.

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

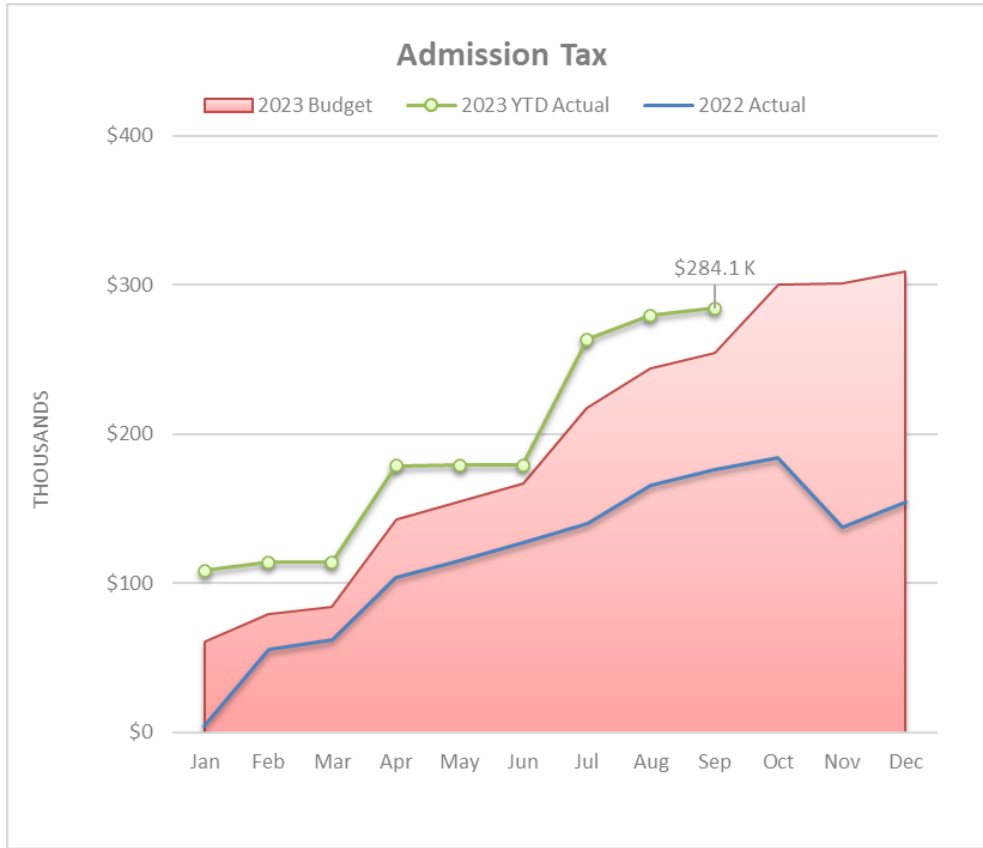
Utility Tax by Type Through September 2023							
Utility Tax Type	2022 YTD Actual	2023 YTD Budget	2023 YTD Actual	2023 vs. 2022 Actual		2023 vs. Budget	
				Amount	Percentage	Amount	Percentage
City Interfund Utility Taxes	\$ 5,151,760	\$ 5,361,000	\$ 4,709,841	\$ (441,919)	(8.6) %	\$ (651,159)	(12.1) %
Electric	3,111,165	3,350,300	3,380,170	269,004	8.6 %	29,870	0.9 %
Natural Gas	1,107,927	1,292,200	1,297,025	189,099	17.1 %	4,825	0.4 %
Telephone	422,710	380,354	336,654	(86,056)	(20.4) %	(43,700)	(11.5) %
Solid Waste (external)	55,129	29,923	1,253,280	1,198,151	2,173.4 %	1,223,357	0.0 %
Brokered Natural Gas	167,949	116,200	267,471	99,522	59.3 %	151,271	130.2 %
Cable	767,607	711,798	692,837	(74,769)	(9.7) %	(18,961)	(2.7) %
YTD Total	\$ 10,784,247	\$ 11,241,775	\$ 11,937,278	\$ 1,153,031	10.7 %	\$ 695,503	6.2 %





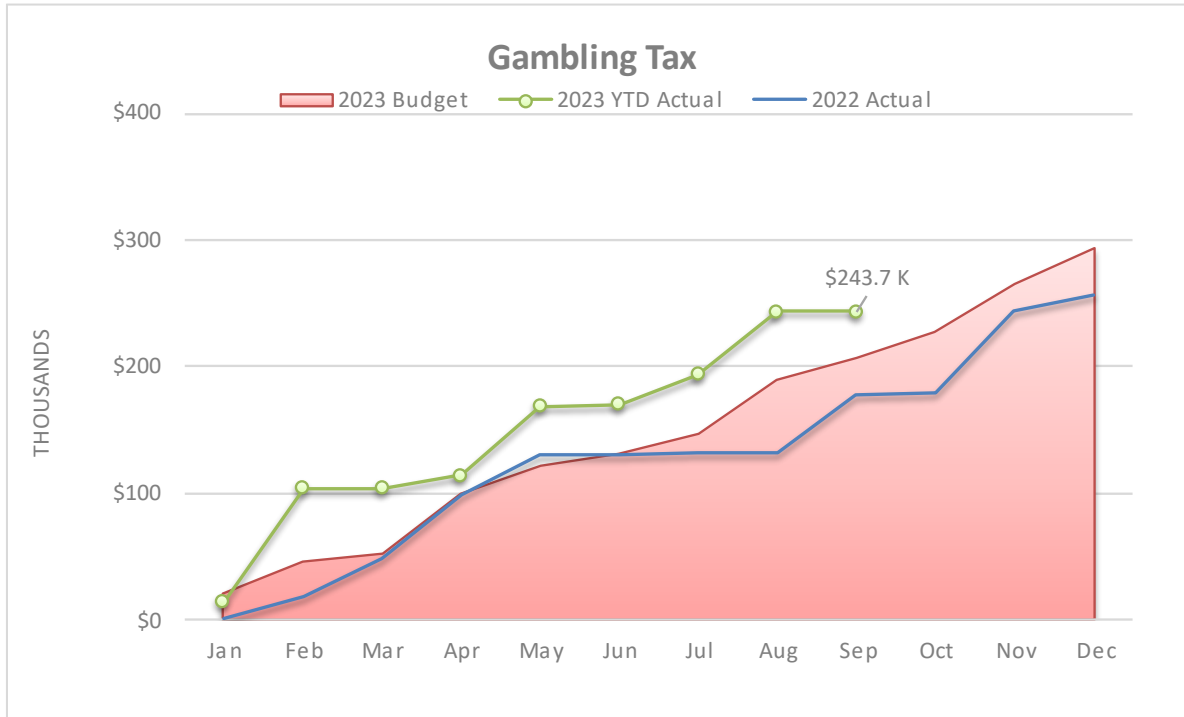
**Note:** Of the total utility tax levied, 2.5% of Water/Sewer/Storm/Solid Waste tax and 1.0% of other utility tax is allocated to City streets funds and is not reflected in the General Fund’s portion discussed here. The large increase from 2019 (\$10.9 million) to 2020 (\$12.7 million) is attributed to the City’s decision mid-2020 to reallocate 1.0% previously dedicated to the Arterial Street Preservation Fund to support General Fund operations, due to the uncertainty of the economic impacts of COVID-19. The Arterial Street Preservation Fund’s 1.0% was reinstated in 2021, but 2021 collections continued to increase due to an increase in the City’s internal utility tax rate from 7.0% to 10.0% effective in 2021.

An **Admission Tax** of 5.0% is placed on charges for general admission, season tickets, cover charges, etc. Revenues from admission taxes are generally collected on a quarterly basis as depicted on the chart below. Admission tax revenues of \$284,100 collected through September 2023 were significantly higher (61.3%) than through Q3-2022. This is partially due to lingering effects of the COVID-19 pandemic in the early part of last year, resulting in generally lower admissions in early 2022. The City projects admission taxes will return to pre-pandemic levels over the biennium. As of Q3-2023, admission tax revenues are favorable to budget by roughly \$29,500.



**Note:** The decrease in admission tax revenues in November 2022 was due to a change in accounting wherein admissions tax ceased to be charged to the City’s Golf Course operations.

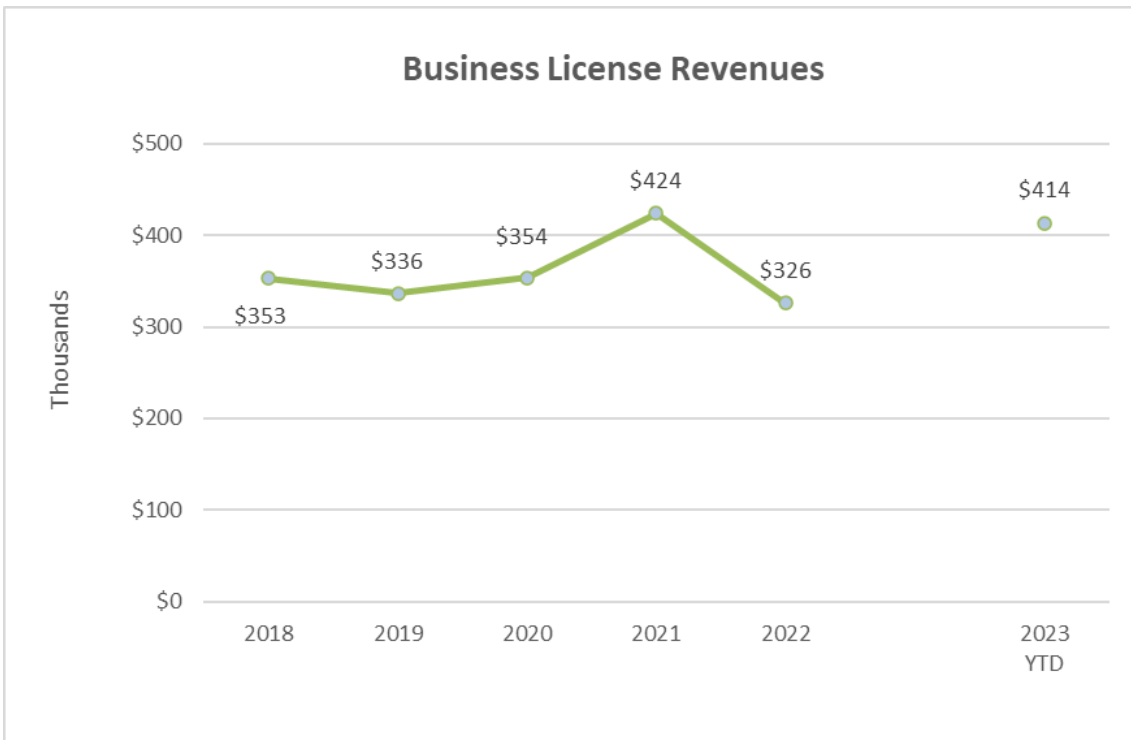
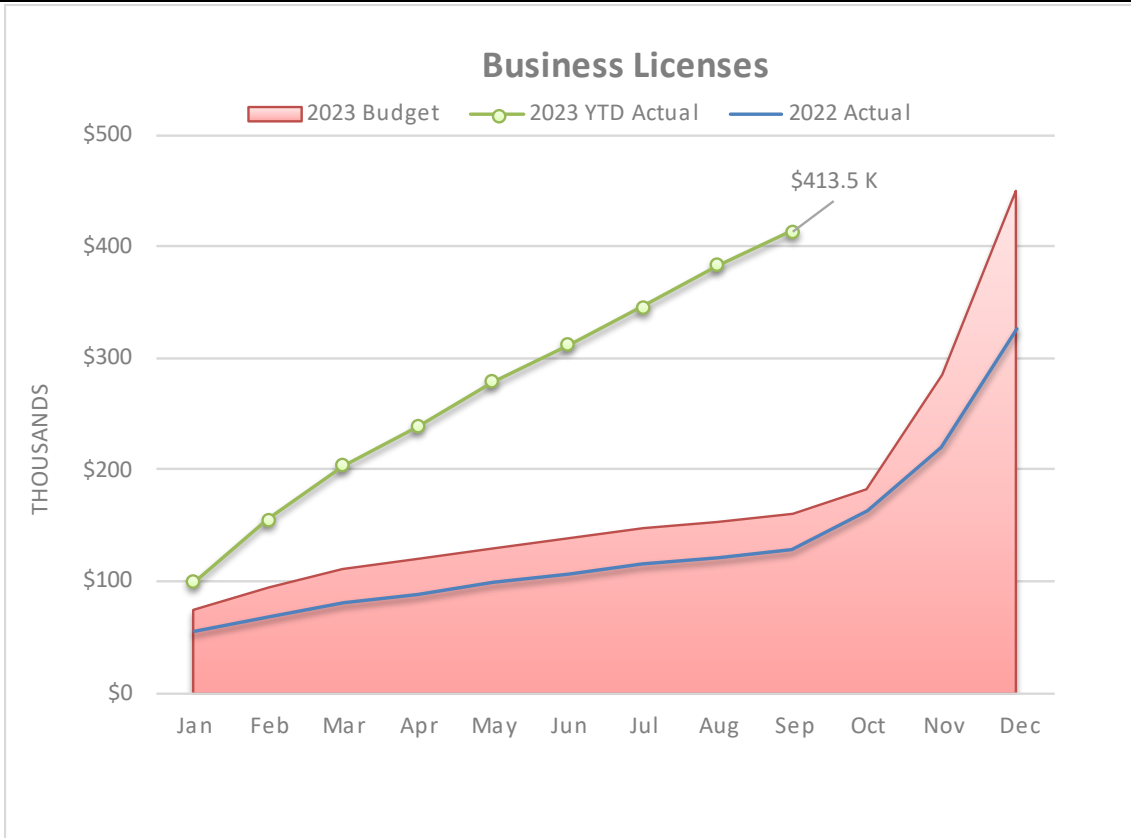
**Gambling Tax** applies to all card games, punch board games, pull tabs, bingo games, raffles and amusement games played within City limits. The majority of the gambling tax revenues are collected from amusement games (31.8%) and card games (59.4%). As with admission tax, the City projects increased collections from 2022 totals. Through the third quarter, collections are \$66,000 higher than 2022 year-to-date totals and report a \$36,000 or 17.5% favorable variance to budget. This revenue source historically has significant variance from year to year: excluding 2020, third-quarter revenue has been as high as \$162,600 (2018) and as low as \$45,500 (2021).



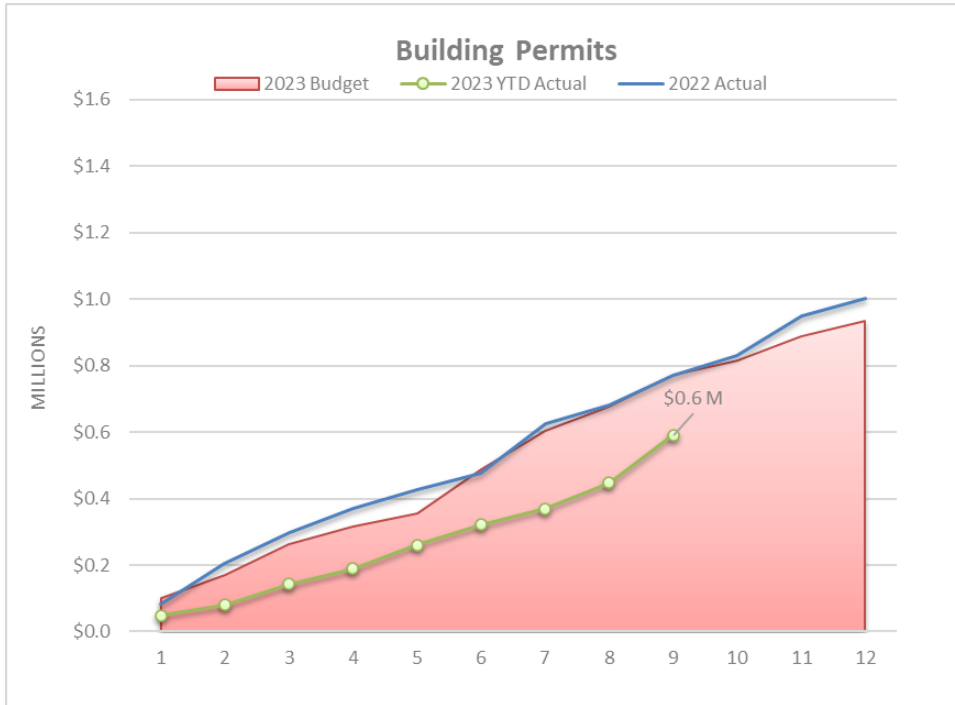
**Licenses and Permits** include business licenses, building permits, plumbing, electric and other licenses and permit fees. Building permit fees and business licenses make up approximately 70% of the annual budgeted revenue in this category.

The annual **Business License** renewal fee for each business that is located within the City is \$103. Previously, all businesses were on calendar year renewal cycle, meaning that the majority of business license revenue was collected in November and December for existing businesses renewing their licenses, which is reflected in the large peak in the chart below in 2022.

As mentioned in last quarter’s report, starting in September of 2022, businesses are now on an annual renewal cycle that begins on the date the business was originally granted a license. This is expected to smooth out revenue collection throughout the year, which can be seen in the chart below as a more linear progression of year-to-date collections totaling \$413,500, compared to \$129,000 through Q3-2022. Changes in the timing of collections will affect year-over-year performance comparisons for the remainder of 2023 and into 2024. Moreover, collections in 2023 are projected to be higher in total than 2022, due to increased discovery through B&O tax collections and use of the State’s Business Licensing System (BLS).

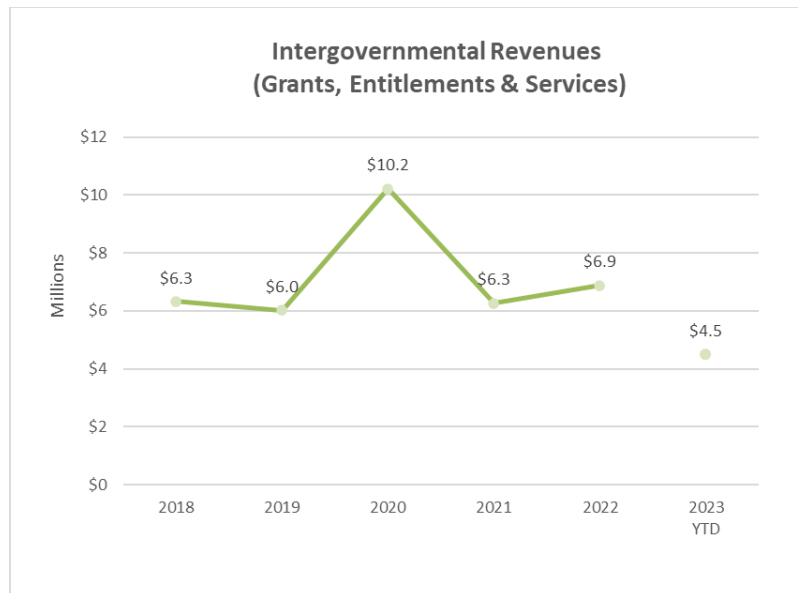


**Building Permit** revenues collected through September 2023 totaled \$590,500. Building permits are approximately \$182,000 lower than 2022 collections year-to-date and hold an unfavorable variance against the budget of \$183,250. A large contributing factor for this unfavorable variance is the decreased valuation of construction permits on mixed-use and subdivision builds throughout 2023, despite a higher volume of permits being issued this year than in the same period last year. However, there are aged 2022 revenues that the City is still awaiting to collect throughout the remainder of the year. It is anticipated that with the collection of the aged accounts, the year-to-date unfavorable variance will be mitigated in the fourth quarter.



**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 Q3-2023 totaled \$4.5 million and were \$221,000 unfavorable to budget expectations. The City has collected roughly \$1.1 million from MIT through the third quarter and is roughly \$173,000 below budget expectations. Nearly 50% of the collected total, however, is comprised of the final payment of the 2022 compact request. The City anticipates more collections throughout the remainder of the year to mitigate the unfavorable variance. Likewise, federal grants are also below projections, although these revenues are generally received on a reimbursement basis, and subject to the timing of reimbursable activities. Streamlined sales tax has an unfavorable variance due to the state Department of Revenue’s recalculation of the payment rate; effective July 2022, payments are calculated as 80% of the payment made in the same quarter of the previous year. Mitigating some of the unfavorable variance is due to higher collections of liquor excise tax.

Intergovernmental Revenues (Grants, Entitlements & Services)							
Through September 2023							
Revenue	2022	2023	2023	2023 vs. 2022 Actual		2023 vs. Budget	
	YTD Actual	YTD Budget	YTD Actual	Amount	% Change	Amount	% Variance
Federal Grants	\$ 12,161	\$ 56,100	\$ 478	\$ (11,683)	(96.1) %	\$ (55,622)	(99.1) %
State Grants	22,589	234,600	236,620	214,032	947.5 %	2,020	0.9 %
Interlocal Grants	139,790	120,400	115,853	(23,937)	(17.1) %	(4,547)	(3.8) %
Muckleshoot Casino Services	1,465,012	1,288,844	1,115,913	(349,099)	(23.8) %	(172,930)	(13.4) %
One-Time Allocation (SB 5092)	-	-	-	-		-	
<b>State Shared Revenues:</b>							
Streamlined Sales Tax	700,111	732,867	560,089	(140,022)	(20.0) %	(172,778)	(23.6) %
Motor Vehicle Fuel Tax	877,056	884,000	852,054	(25,002)	(2.9) %	(31,946)	(3.6) %
Criminal Justice - High Crime	207,922	213,617	213,279	5,357	2.6 %	(338)	(0.2) %
Criminal Justice - Population	22,465	15,000	23,806	1,341	6.0 %	8,806	58.7 %
Criminal Justice - Special Prog.	97,286	66,600	102,007	4,721	4.9 %	35,407	53.2 %
Marijuana Excise Tax	179,192	129,696	175,439	(3,753)	(2.1) %	45,743	35.3 %
State DUI	7,179	9,155	3,179	(4,000)	(55.7) %	(5,976)	(65.3) %
Fire Insurance Tax	104,661	89,700	114,235	9,574	9.1 %	24,535	27.4 %
Liquor Excise	455,769	351,553	475,812	20,042	4.4 %	124,259	35.3 %
Liquor Profit	512,377	526,414	508,924	(3,453)	(0.7) %	(17,489)	(3.3) %
Total State Shared:	3,164,018	3,018,602	3,028,823	(135,195)	(4.3) %	10,221	0.3 %
<b>YTD Total</b>	<b>\$ 4,803,571</b>	<b>\$ 4,718,546</b>	<b>\$ 4,497,687</b>	<b>\$ (305,883)</b>	<b>(6.4) %</b>	<b>\$ (220,858)</b>	<b>(4.7) %</b>



**Note:** 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 2023 totaled \$7.7 million and were roughly \$236,000 (or 3.2%) more than expected to date, mainly due to exceptional performance at the Auburn Golf Course.

Charges for Services by Type Through September 2023							
Revenue	2022	2023	2023	2023 vs. 2022 Actual		2023 vs. Budget	
	YTD Actual	YTD Budget	YTD Actual	Amount	Percentage	Amount	Percentage
General Government	\$ 2,581,227	\$ 3,608,026	\$ 3,346,174	\$ 764,947	29.6 %	\$ (261,852)	(7.3) %
Public Safety	579,924	792,750	773,804	193,880	33.4 %	(18,946)	(2.4) %
Development Services	1,137,072	921,000	832,887	(304,185)	(26.8) %	(88,113)	(9.6) %
Culture & Recreation	2,312,157	2,135,309	2,740,415	428,258	18.5 %	605,106	28.3 %
YTD Total	\$ 6,610,380	\$ 7,457,085	\$ 7,693,280	\$ 1,082,900	16.4 %	\$ 236,195	3.2 %

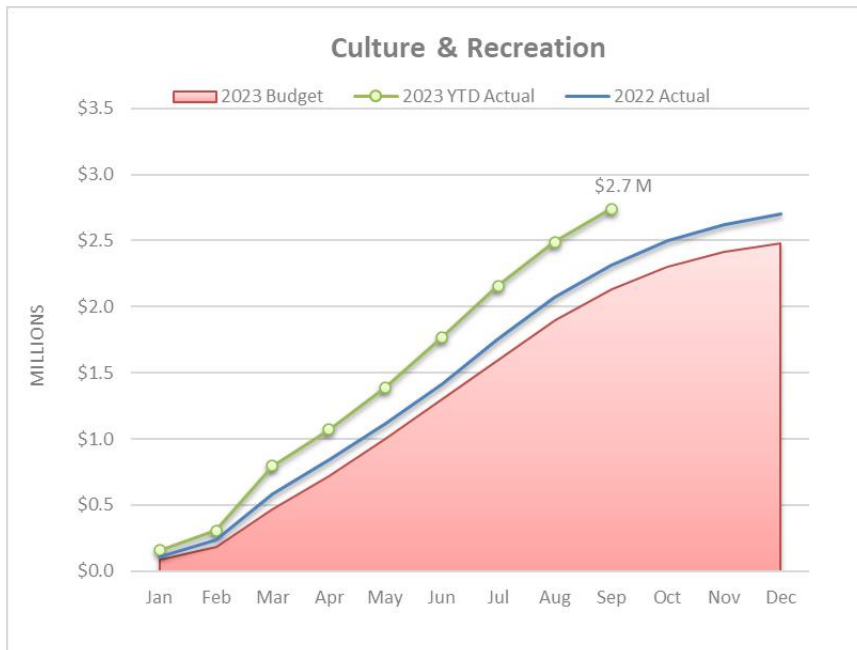
The *General government* revenue category primarily includes the interfund assessment for support departments (Finance, Human Resources and Legal). Operating costs for these departments are charged to the respective General Fund home department and the portion of those costs that provide citywide benefit 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 revenues related to certain transportation projects. The unfavorable variance of \$262,000 is largely due to the timing of a SKHHP project budgeted to reimburse the General Fund for expenses. Furthermore, the City expects to collect revenues for the salt/sand storage (carried forward from 2022) per an interlocal agreement during the second half of the year, which will mitigate the unfavorable variance through the third quarter.

*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 2023 totaled approximately \$774,000 and saw a \$194,000 increase from 2022 third quarter totals. Revenues generated from DUI emergency response fees represent \$117,500 or 15.2% of the total amount collected and report a \$114,000 favorable variance. However, this favorable variance was offset by an unfavorable variance of \$140,500 in revenues for extra duty police officers. This results in an overall unfavorable variance of roughly \$19,000, although extra duty revenues are received on reimbursement basis, indicating that the related expenses are also lower.

*Development services* fee collections consist primarily of plan check fees, facility extension charges, and zoning and subdivision fees. Through Q3-2023, development service fees collected totaled \$833,000 and were \$88,000 unfavorable to budget expectations. Major contributors to this variance were FAC linear charges (fees assessed on projects that require extension of public facilities). Although FAC linear charges are down year-over-year by \$127,300, this is an effect of the revenue regressing to the mean after an exceptional three-year period of high collections from 2020 through 2022. By comparison, 2023’s collections, while lower than 2022, are still well above the previous average collection for the third quarter. However, plan check fee collections remained consistent with projections and helped mitigate the unfavorable variance of the FAC linear charges by \$20,000.



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 \$605,000, or 28.3%, with nearly 75% of revenues coming from greens fees and recreation classes. Revenue from greens fees have increased \$105,400 or 8.0% over last year, and are favorable to budget by \$350,500 due to a 3-4% increase in greens fee prices and good weather during the spring and summer months. Consistent with previous years, these revenues are projected to continue rising through the summer and taper down in fall as the golfing season slows. Recreation class revenues have increased by \$135,000 or 28.1% from the prior year, and ticket sales for performances held at local school venues (previously held at the Auburn Avenue Theater) have increased by \$61,000 or 176.5%. A portion of the increase is attributable to lower revenues due to COVID-19 restrictions in place during 2022, which have since been removed.



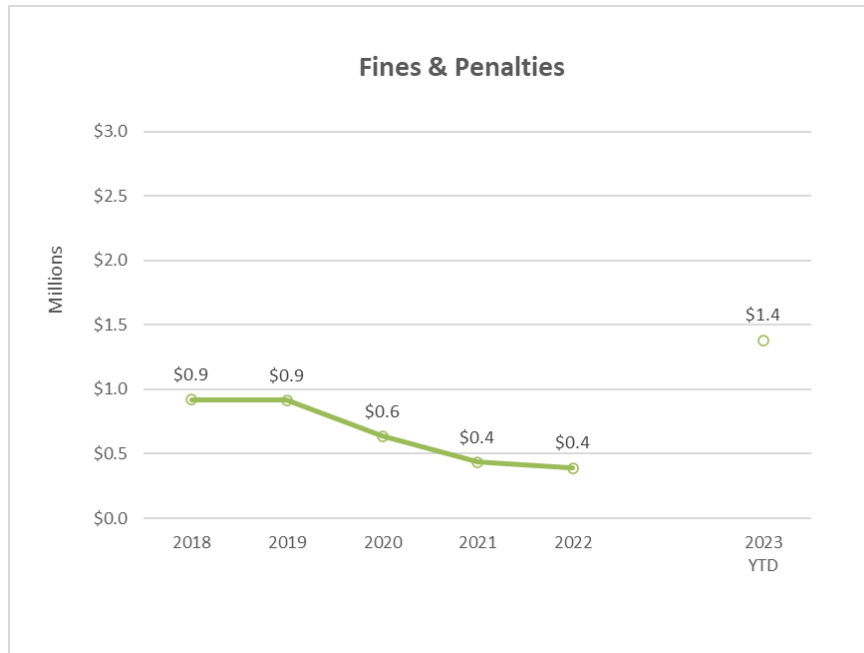


**Fines & Penalties** include civil penalties (such as code compliance fines), parking and traffic infraction penalties, criminal fines (including criminal traffic, criminal non-traffic, and other criminal offenses) as well as non-court fines such as false alarm fines. The table below shows a detailed breakdown of the different types of fines and penalties collected by the City.

Fines & Penalties by Type Through September 2023							
Month	2022	2023	2023	2023 vs. 2022 Actual		2023 vs. Budget	
	YTD Actual	YTD Budget	YTD Actual	Amount	Percentage	Amount	Percentage
Civil Penalties	\$ 4,109	\$ 9,394	\$ 1,543	\$ (2,566)	(62.4) %	\$ (7,851)	(83.6) %
Civil Infraction Penalties	99,958	98,100	110,098	10,140	10.1 %	11,998	12.2 %
Redflex Program	562	2,100	1,067	505	89.8 %	(1,033)	N/A %
Parking Infractions	62,118	62,400	372,412	310,294	499.5 %	310,012	496.8 %
Criminal Traffic Misdemeanor	21,830	29,800	20,950	(880)	(4.0) %	(8,850)	(29.7) %
Criminal Non-Traffic Fines	27,771	30,700	41,770	14,000	50.4 %	11,070	36.1 %
Criminal Costs	21,597	24,000	9,667	(11,930)	(55.2) %	(14,333)	(59.7) %
Non-Court Fines & Penalties	31,310	49,200	822,487	791,177	2,526.9 %	773,287	1,571.7 %
YTD Total	\$ 269,254	\$ 305,694	\$ 1,379,994	\$ 1,110,740	412.5 %	\$ 1,074,300	351.4 %

Total revenues collected through September 2023 totaled \$1.4 million as compared to a budget of \$306,000 and were 351.4% above budget expectations. This was primarily due to higher-than-expected collections of fines related to a new photo enforcement program, which are classified as parking infractions. With the implementation of this new program, the City expects significant increases to revenue in this category. Furthermore, the City received an influx of non-court fines & penalties in July and August.

Municipal Court fines and penalties account for 83% of the budgeted revenue in this category, but only account for 40% of revenue actually collected. The City contracts with the King County Court to operate its municipal court services; the number of hearings, judgements, and collections activity began decreasing in 2019 and has continued to dramatically decrease since that time. This decrease, as shown in the graph below, is now being offset by collection B&O & other tax interest within non-court fines & penalties; there is a spike in current year collections and the City will likely see future collections along this same trend.



**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. A breakdown of the most significant miscellaneous revenue categories are listed in the table below.

Miscellaneous Revenues by Type Through September 2023							
Month	2022 YTD Actual	2023 YTD Budget	2023 YTD Actual	2023 vs. 2022 Actual		2023 vs. Budget	
				Amount	Percentage	Amount	Percentage
Interest & Investments	\$ 393,440	\$ 275,025	\$ 891,832	\$ 498,392	126.7 %	\$ 616,807	224.3 %
Rents & Leases	921,189	811,800	1,029,401	108,212	11.7 %	217,601	26.8 %
Contributions & Donations	17,230	11,261	25,421	8,192	47.5 %	14,160	125.7 %
Other Miscellaneous Revenue	425,026	248,587	371,846	(53,180)	(12.5) %	123,259	49.6 %
YTD Total	\$ 1,756,885	\$ 1,346,673	\$ 2,318,500	\$ 561,616	32.0 %	\$ 971,827	72.2 %

Revenues collected YTD 2023 in this category totaled \$2.3 million and were \$972,000 favorable to budget. The majority of the favorable variance to budget was in the interest and investments category, with the City already surpassing the annual budgeted total through the third quarter.

The “other” miscellaneous revenue category, while \$53,000 less than the same timeframe last year, was nonetheless favorable to the 2023 year-to-date budget by \$123,300. This category includes \$52,100 in revenue related to a national opioid settlement distribution program in the first quarter. Furthermore, through the third quarter, purchase card rebates have totaled \$131,200 or 65% of the total “other” miscellaneous revenue.

The rents and leases category includes prepayments for facility rentals. During the second quarter, the City saw an influx of facility rentals, which coincides with prior years as the weather generally becomes more favorable for gatherings. This remained consistent throughout the third quarter. The increase in revenue brings the year-to-date 2023 total to \$1.0 million resulting in a \$217,500 or 26.8% favorable variance to budget expectations.



**OTHER FUNDS**

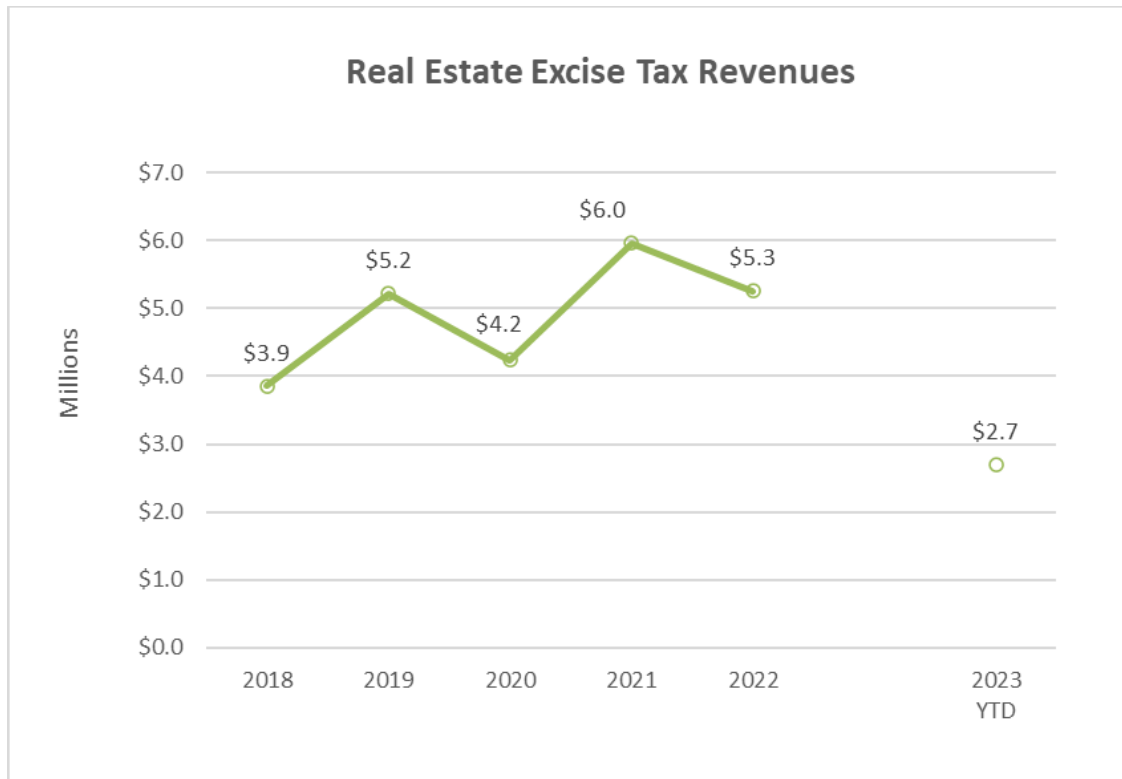
**Real Estate Excise Tax (REET)** revenues are taxes on the sale of both commercial properties and single-family residences. These collections are receipted into the Capital Improvement Projects Fund and used for governmental capital projects.

REET revenues collected year-to-date in 2023 total \$2.7 million, which is roughly \$950,000 or 35.1% favorable to budget expectations. However, as reflected in the table below, REET revenues collected were significantly lower (40.7%) than in 2022. Continued borrowing rate increases and slower housing markets contribute to the decreased revenues during this period. However, the City anticipates continued growth in REET revenues as property values on new and existing homes increase.



Shown in the table below, REET collections have generally been lower in most months of 2023 than their counterparts in 2022. In context, 2022 saw the highest collection of REET revenue through the second quarter since 2015, largely due to high-value purchases made by Pepsi Beverages Company, Holiday Inn Express, and a large land purchase made by an investment group. Lower REET collections in 2023 represent a cooling market as interest rates increased dramatically after a period of low interest rates and historic inflation.

Real Estate Excise Tax Revenues Through September 2023							
Month	2022 YTD Actual	2023 YTD Budget	2023 YTD Actual	2023 vs. 2022 Actual		2023 vs. Budget	
				Amount	Percentage	Amount	Percentage
1	\$ 235,988	\$ 112,068	\$ 231,316	\$ (4,672)	(2.0) %	\$ 119,248	51.6 %
2	320,851	112,249	229,810	(91,041)	(28.4) %	117,561	51.2 %
3	855,713	254,131	335,109	(520,604)	(60.8) %	80,978	24.2 %
4	530,857	182,134	470,605	(60,253)	(11.4) %	288,471	61.3 %
5	710,134	208,433	100,896	(609,238)	(85.8) %	(107,537)	(106.6) %
6	479,225	184,014	288,285	(190,941)	(39.8) %	104,271	36.2 %
7	331,971	177,876	396,981	65,009	19.6 %	219,104	55.2 %
8	497,294	215,051	319,792	(177,502)	(35.7) %	104,741	32.8 %
9	587,492	304,681	326,357	(261,135)	(44.4) %	21,676	6.6 %
10	316,404	141,042					
11	202,461	134,581					
12	191,104	202,039					
YTD Total	\$ 4,549,526	\$ 1,750,638	\$ 2,699,151	\$ (1,850,375)	-40.7%	\$ 948,512	35.1%



**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.

The City’s plan for using ARPA funding is to mitigate the cost of providing public safety services throughout the City. Since receiving the funding, the City has been able to offset \$11.6 million in public safety expenditures, as shown in the table below and reported to the Department of the Treasury.

<b>ARPA FUNDING STATUS</b>	
Total ARPA Funding Received	14,751,232
ARPA Funding Used to Mitigate Public Safety Costs	11,617,484
ARPA Funding Remaining	3,133,748

As a result of the cost mitigation provided by the ARPA funding, the City has been able to allocate General Fund funding toward projects approved by the Council ad hoc committee. As of September 30, 2023, the City has been able to spend \$1.4 million year-to-date and \$3.9 million since 2021 on the following projects:

Title	Budget	2023		
		Q3 Spend	Lifetime Spend (includes this quarter)	Remaining
<b>Completed Projects</b>	<b>1,450,000</b>	-	1,668,601	-
Body Cameras	586,400	-	550,325	36,075
Vaccination Incentive Program	47,500	-	34,980	12,520
Neighborhood Street Light Program	500,000	12,090	61,077	438,923
Human Services Grants includes admin	1,000,000	103,323	257,736	742,264
Dykstra Foot Bridge	400,000	-	10,357	389,643
Minor Improvements to Qualifying Neighborhood Parks	100,000	9,022	28,626	71,374
Limited Term Employee (LTE): Grants Coordinator	420,000	-	118,729	301,271
Paving Gravel Roads	636,866	16,281	23,539	613,327
Translation Services	75,000	-	1,685	73,315
Auburn Way South Median Landscape Replanting/Irrigation	50,000	-	40,187	9,814
Auburn Way South Roundabout	150,000	56	563	149,437
Emergency Housing Voucher Program	2,000,000	88,881	166,922	1,833,078
Encampment Cleanup	500,000	122,944	422,403	77,597
Downtown sidewalk replacement on Main Street and B Street Plaza surface replacement	1,643,266	13,905	20,128	1,623,138
Broadband grants to hardest hit communities	180,000	3,281	180,251	(251)
Community violence intervention programs (drone, SPIDR Tech)	313,600	-	214,666	98,934
Arts Culture Center Renovations	100,000	-	-	100,000
Signing bonuses for lateral hires	200,000	33,045	131,576	68,424
<b>Other Projects (not started)</b>	<b>4,180,000</b>	-	-	4,180,000
<b>Total:</b>	<b>14,751,232</b>	<b>402,828</b>	<b>3,932,350</b>	<b>10,818,882</b>

The *Neighborhood Parks Improvement* project will be able to make minor improvements in qualifying neighborhood parks. Numerous parks in our low-income census tracts are in need of modernization that will assist in getting these community members outdoors and experiencing a better quality of life. To date this project has spent \$28,626 which provided new fencing around Forest Villa Tot Lot. The playground order was placed in mid-November and is scheduled for installation in early Spring.

The *Encampment Cleanup* project provides two service contracts that began in 2023; one contract provides continued cleanup of garbage and debris related to encampments and other illegal dumping on City-owned properties and rights of way (ROW), while the secondary contract focuses specifically on encampment trash cleanup. To date, the project has spent \$422,403 and cleaned up 160 tons of litter and debris.

Beginning in 2023, the *Clean and Sober Housing Program* is 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 and 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, provided the participant follows the clean and sober housing agreement. Total project spend through Q3-2023 is \$166,922.

The *Broadband Network to Hardest Hit Communities* project allows the City to expand the City's broadband network capabilities for all residents, visitors, and city employees to utilize. The IT department has acquired all necessary hardware and software related to the broadband/Wi-Fi replacement and expansion. Total spent in Q3-2023 was \$3,281 bringing the accumulated project total to \$180,251. All replacement of existing hardware has been completed. The expansion is estimated to be completed during Q4-2023.

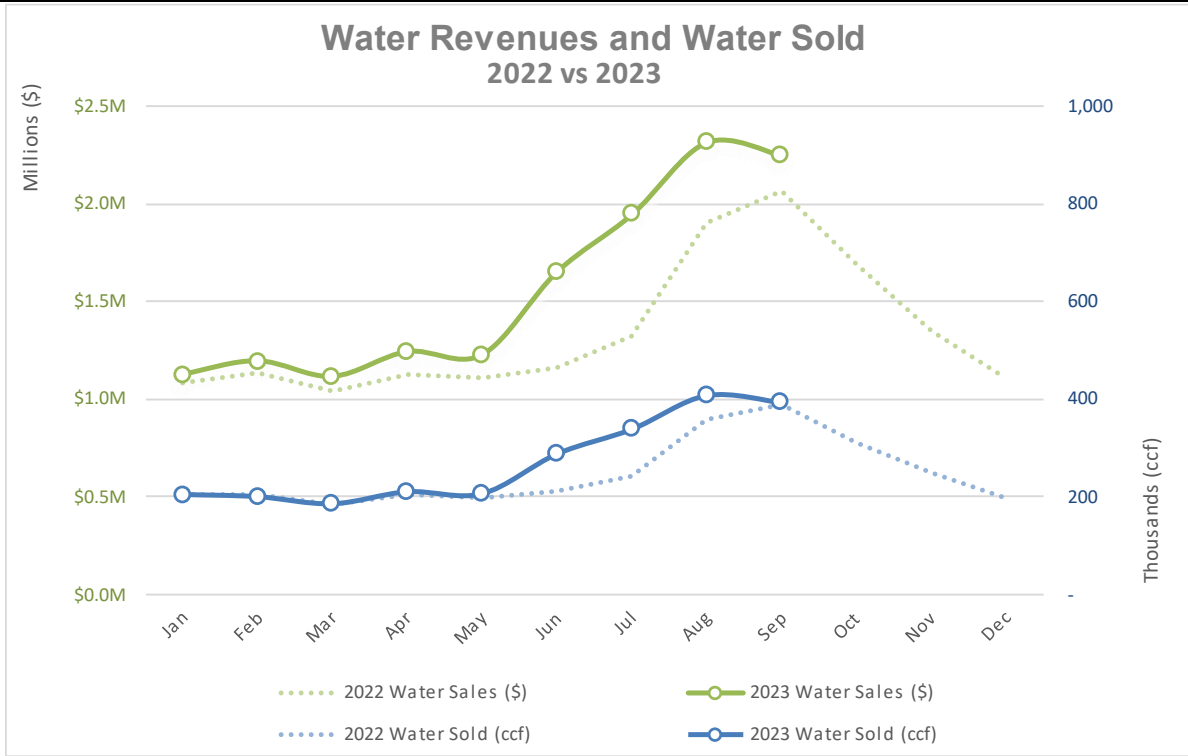
### Utility Enterprise Funds

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, which is equivalent to current assets minus current liabilities. 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 2023, the **Water Utility** had operating income of \$5.3 million (operating revenues less operating expenditures), approximately \$1.0 million above the same period last year. Water Fund operating revenues were \$2.5 million or 20.6% higher than Q3-2022; the majority of this variance was due to higher revenues from water sales (\$2.1 million) and interest earnings (\$408,000). As previously mentioned, this increase in interest earnings is due to an increase in the City's cash and investments balances.

Operating expenditures also increased by \$1.5 million, mainly due to increases in personnel costs, interfund allocations and utility taxes.

Billable water consumption through June 2023 totaled 2.4 million hundred cubic feet (ccf), approximately 236,000 ccf or 8.0% higher than consumption volume through Q3-2022. Consumption increased across every customer class except manufacturing when compared to Q3-2022, with the largest increases by both volume and revenue amount occurring in irrigation and single-family accounts.



Through the third quarter of 2023, the **Sewer Utility** finished with operating income of \$3.2 million as compared to \$1.2 million through the same period last year. Operating revenues were up \$935,000 or 13.0% from the same period last year due to stronger performance in charges for City sewer service and higher interest earnings. Interest earnings increased from \$44,000 through Q3-2022 to \$396,000 through Q3-2023 due to higher cash and investment balance and higher interest rates.

Operating expenses were down \$1.1 million due to decreased in expense related to interfund utility taxes. As discussed on pages 7-8, the City is no longer applying this tax to the pass-through King County Metro revenue. This, combined with lower interfund charges, more than offset increases in personnel costs and supplies, resulting in overall lower expenses compared to last year.

Through September 2023, the **Stormwater Utility** had operating income of \$2.3 million compared with \$2.0 million in the same period last year. Operating revenues were up \$1.1 million compared to last year due to charges for City storm service and interest earnings. Interest earnings increased from \$60,800 through Q3-2022 to \$462,600 through Q3-2023. As most Stormwater service charges are based on a flat rate, there are not typically seasonal fluctuations in this revenue.

Operating expenditures in the Stormwater Utility were up \$723,000 through the third quarter of the year compared to the same period last year. The majority of this increase is due in roughly equal measure to higher personnel and interfund allocation costs.

The **Solid Waste Utility** finished the second quarter with operating income of \$724,000. While operating revenues were up by \$2.8 million compared to Q3-2023 due to stronger performance in charges for solid waste service, operating expenses were up by \$4.0 million. This increase was due to increased interfund utility tax payments, payments to the City’s solid waste vendor Waste Management, and a payment of \$530,000 of B&O tax to the Department of Revenue.

**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).



# City of Auburn 3rd Quarter 2023 Financial Report

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CITY COUNCIL STUDY SESSION

DECEMBER 11, 2023

# General Fund Revenue Overview

## Summary

- Collected 8% more revenue YTD compared to budget and 23% more than YTD last year
- Underspent the YTD budgeted expenditures by 13% and have spent 13% more compared to YTD last year

Revenue	2022 YTD Actual	2023 YTD Budget	2023 YTD Actual	Variance to Budget Favorable (Unfavorable)	%	Variance to 2022 Favorable (Unfavorable)	%
Property Tax	\$ 13,190,280	\$ 13,161,000	\$ 13,312,970	\$ 151,970		\$ 122,690	
Sales Tax	17,010,670	15,238,400	17,305,579	2,067,179		294,909	
Utility Tax	10,784,247	11,241,775	11,937,278	695,503		1,153,031	
B&O Tax*	1,979,741	4,795,840	6,833,212	2,037,372		4,853,471	
Other Tax	3,293,645	3,182,873	3,795,566	612,693		501,921	
Licenses and Permits	1,659,194	1,860,700	2,056,117	195,417		396,923	
Intergovernmental	4,803,571	4,718,546	4,497,687	(220,859)		(305,884)	
Charges for Services	6,610,380	7,457,085	7,693,280	236,195		1,082,900	
Other	2,121,611	1,741,167	3,944,806	2,203,639		1,823,195	
Transfers In	821,014	7,667,913	5,232,897	(2,435,016)		4,411,883	
<b>Total Revenue</b>	<b>\$ 62,274,353</b>	<b>\$ 71,065,299</b>	<b>\$ 76,609,392</b>	<b>\$ 5,544,093</b>	<b>8%</b>	<b>\$ 14,335,039</b>	<b>23%</b>
<b>Total Expenditures</b>	<b>\$ 60,474,475</b>	<b>\$ 78,782,618</b>	<b>\$ 68,344,155</b>	<b>\$ 10,438,463</b>	<b>13%</b>	<b>\$ (7,869,680)</b>	<b>-13%</b>

# Tax Revenue

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2023 budgeted taxes account for \$68.8 million, or 75% of the General Fund budget

## **Property Tax (35% of taxes)**

- \$24 million 2023 budget
- Expected to collect 100% of the budget by year-end

## **Retail Sales and Use Tax (30% of taxes)**

- \$20.3 million 2023 budget
- \$295,000 (2%) over prior YTD actual
- \$2.1 million (14%) over YTD budget

# Tax Revenue

Comparison of Retail Sales Tax Collections by Group Through September 2023				
Component Group	2022 YTD Actual	2023 YTD Actual	Change from 2022	
			Amount	Percentage
Construction	\$ 2,094,449	\$ 2,164,791	\$ 70,341	3.4 %
Manufacturing	627,904	407,396	(220,509)	(35.1) %
Transportation & Warehousing	196,911	169,788	(27,123)	(13.8) %
Wholesale Trade	1,148,352	1,241,726	93,374	8.1 %
Automotive	3,501,328	3,703,016	201,689	5.8 %
Retail Trade	4,938,763	4,946,384	7,621	0.2 %
Services	4,023,179	4,193,701	170,521	4.2 %
Miscellaneous	277,632	279,096	1,464	0.5 %
YTD Total	\$ 16,808,519	\$ 17,105,897	\$ 297,379	1.8 %

**Manufacturing:** a DOR correction January 2022 accounted for an inflated Q1 2022 and 100% of the \$220k decrease.

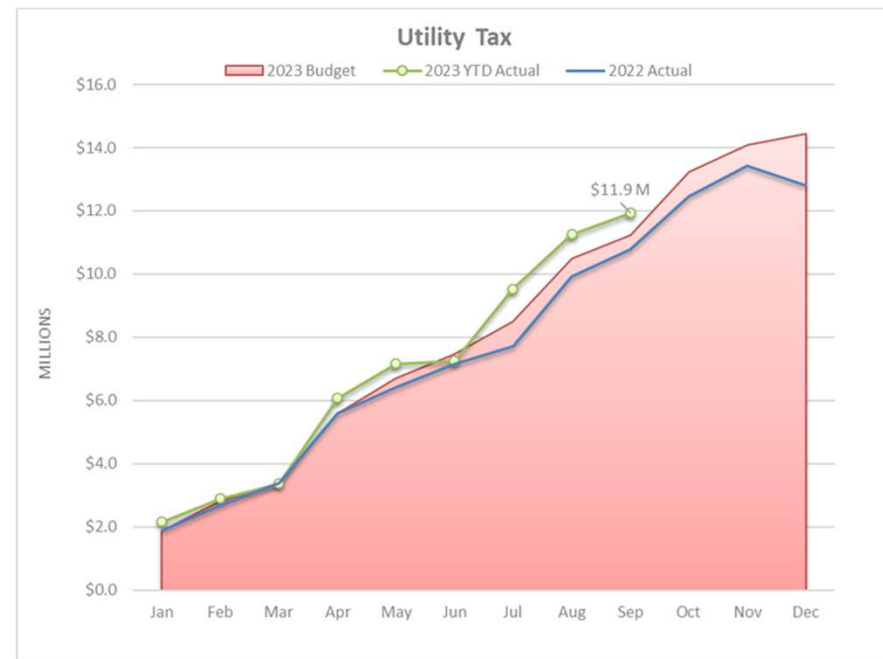
**Transportation & Warehousing:** The \$27k decrease is entirely attributed to couriers and messengers.

**Services:** telecommunications, car/equipment rentals and leasing, restaurants, and fitness centers

# Tax Revenue

## Utility Tax (21% of taxes)

- \$14.4 million 2023 budget
  - Water, Sewer, Storm, Solid Waste Utility Tax rate 9% (\$6.8 million of total budget)
  - Electric, Natural Gas, Cable, and Telephone Utility Tax rate 5% (\$7.6 million of total budget)
- **\$695,000 (6%) over budget**
  - Higher than expected natural gas and solid waste tax collected
- **\$1.1 million (11%) over prior year**
  - Higher electric, natural gas, and solid waste tax collected compared to 2022



# Tax Revenue

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## **Business and Occupation Tax (B&O) (8% of total taxes)**

- \$5.5 million 2023 budget
- \$6.8 million collected YTD\*
  - \$4.0 million in gross receipts tax (59%)
  - \$2.8 million in square foot tax (41%)
  - Includes Q4 2022, Q1 2023, Q2 2023, and 2022 Annual Filings
- **\$2.0 million (43%)** over YTD budget

## **Other Taxes (8% of total taxes)**

- \$4.4 million budgeted
- Criminal justice sales tax, admissions tax, gambling tax, leasehold excise tax, franchise fees
- **\$2.2 million (127%) over** 2023 YTD budget
- **\$1.8 million (86%) over** 2022 YTD collections
- Both variances are due to higher sales tax collection (\$550,000), interest earnings (\$617,000), and penalties and fees (\$1,100,000)

# Licenses and Permits

Accounts for 3% of the total General Fund Resources

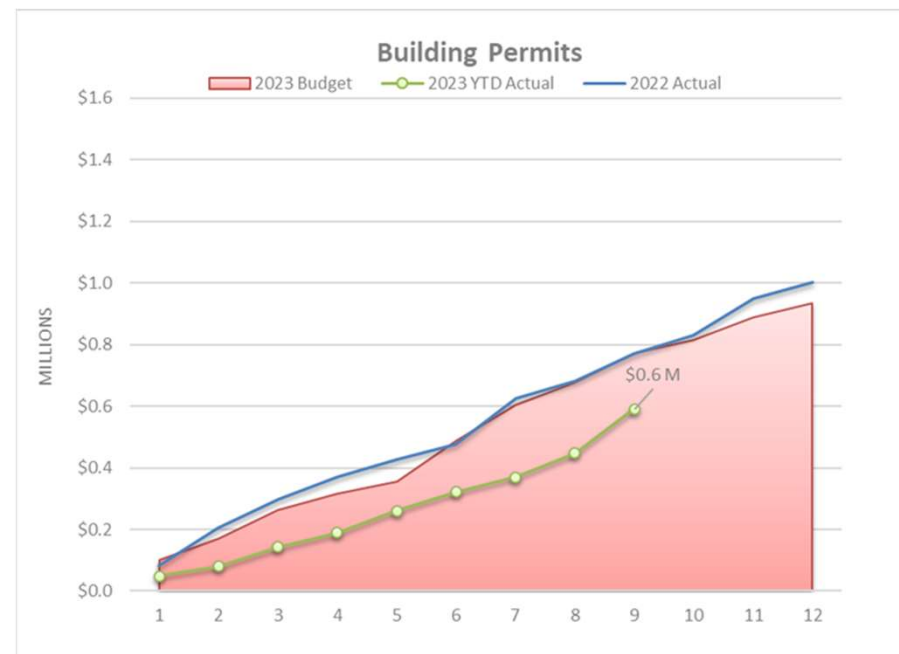
\$2.5 million budgeted in 2023

- Most all of this (\$2.0 million is related to building permits)

\$196,000 (11%) over budget

\$397,000 (24%) over prior year

- \$285,000 YTD increase in business license revenue and a \$182,000 decrease in YTD building permit
- Total building permits issued YTD 2023 exceeded 2022 by 24% but total value of permit has decreased by 38%



# Intergovernmental

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Revenues include: Federal/State/Interlocal Grants, Muckleshoot Indian Tribe (MIT) Compact, State Shared Revenue

- State Shared Revenue:
  - Streamlined Sales Tax, Motor Vehicle Excise Tax (MVET), Marijuana/Liquor excise taxes, Criminal Justice Sales Tax

**\$221,000 (5%) under** 2023 YTD budget

- Timing of contribution payment from the MIT compact, and Streamlined Sales Tax Mitigation reductions

**\$306,000 (6.4%) under** 2022 YTD collections

- Timing of contribution payment from the MIT compact, and Streamlined Sales Tax Mitigation reductions



# Charges for Services

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General Government - **\$262,000 below** budget (7%)

- Timing of SKHHP Payments – Reimbursement basis

Public Safety - **\$19,000 below** budget (2%)

- Reimbursement for law enforcement services provided for private business
- Reimbursement for officers at the Auburn School District and Muckleshoot Contract
- Variance is due to fewer private business charges (down \$140,000), but offset by more DUI emergency response fees (up \$114,000)

Development Services - **\$88,000 below** budget (10%)

- Plan check fees, facility extension charges, zoning and subdivision fees
- Primary drivers for this is tied to the permitting activity, which are also down

Culture and Recreation - **\$605,000 above** budget (28%)

- Green fees and pro shop sales are up \$105,000 (8%) compared to previous
- Recreation Classes and Special Events account are up \$135,000 (28%) compared to previous year

# General Fund Expenditures by Department

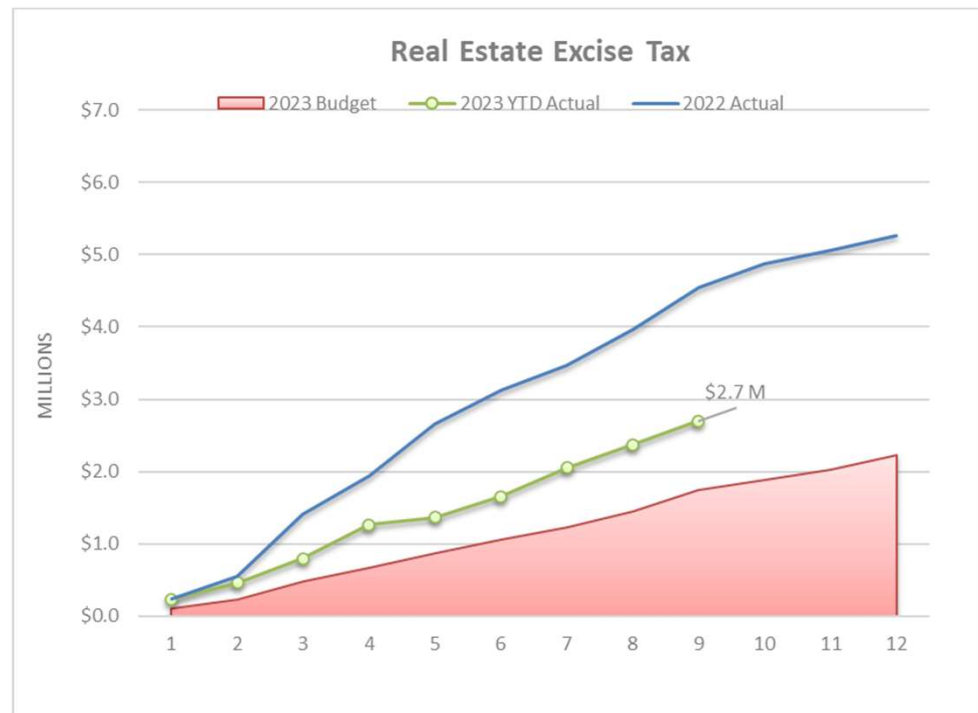
Department	2022 YTD	2023 YTD	2023 YTD	Budget vs Actual	
	Actual	Budget	Actual	\$	%
Council, Mayor, Admin	1,908,081	2,006,600	2,011,339	(4,739)	0%
Diversity, Equity and Inclusion	-	529,200	344,016	185,184	35%
Municipal Court	1,955,758	2,799,579	2,224,184	575,395	21%
Community Development	4,548,731	6,649,600	5,631,503	1,018,097	15%
Housing and Homelessness Outreach*	909,861	2,253,800	1,486,149	767,651	34%
Public Works	2,667,532	3,534,600	3,302,992	231,608	7%
Streets (M&O)	2,702,800	3,479,100	3,015,496	463,604	13%
Parks, Art, and Recreation	10,335,833	11,648,900	11,699,114	(50,214)	0%
Police	23,247,236	26,484,100	24,902,106	1,581,994	6%
SCORE	3,642,867	4,200,300	3,865,469	334,831	8%
Internal Services (HR, Finance, Legal, Nondepartment)	8,555,778	15,196,839	9,861,788	5,335,051	35%
<b>Total</b>	<b>\$ 60,474,477</b>	<b>\$ 78,782,618</b>	<b>\$ 68,344,156</b>	<b>\$ 10,438,462</b>	<b>13%</b>

# ARPA Update

Title	Budget	2023		
		Q3 Spend	Lifetime Spend (includes this quarter)	Remaining
<b>Completed Projects</b>	<b>1,450,000</b>	-	1,668,601	-
Body Cameras	586,400	-	550,325	36,075
Vaccination Incentive Program	47,500	-	34,980	12,520
Neighborhood Street Light Program	500,000	12,090	61,077	438,923
Human Services Grants includes admin	1,000,000	103,323	257,736	742,264
Dykstra Foot Bridge	400,000	-	10,357	389,643
Minor Improvements to Qualifying Neighborhood Parks	100,000	9,022	28,626	71,374
Limited Term Employee (LTE): Grants Coordinator	420,000	-	118,729	301,271
Paving Gravel Roads	636,866	16,281	23,539	613,327
Translation Services	75,000	-	1,685	73,315
Auburn Way South Median Landscape Replanting/Irrigation	50,000	-	40,187	9,814
Auburn Way South Roundabout	150,000	56	563	149,437
Emergency Housing Voucher Program	2,000,000	88,881	166,922	1,833,078
Encampment Cleanup	500,000	122,944	422,403	77,597
Downtown sidewalk replacement on Main Street and B Street Plaza surface replacement	1,643,266	13,905	20,128	1,623,138
Broadband grants to hardest hit communities	180,000	3,281	180,251	(251)
Community violence intervention programs (drone, SPIDR Tech)	313,600	-	214,666	98,934
Arts Culture Center Renovations	100,000	-	-	100,000
Signing bonuses for lateral hires	200,000	33,045	131,576	68,424
<b>Other Projects (not started)</b>	<b>4,180,000</b>	-	-	4,180,000
<b>Total:</b>	<b>14,751,232</b>	<b>402,828</b>	<b>3,932,350</b>	<b>10,818,882</b>

# Non-General Fund Highlights – Capital

Real Estate Excise Tax (REET)  
YTD Collections: \$2.7 million  
**\$1.8 million less** prior year  
**\$950,000 over** YTD budget



# Questions

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