

AGENDA BILL APPROVAL FORM

Agenda Subject:

1st Quarter 2024 Financial Report (Thomas) (20 Minutes)

Date:

June 12, 2024

Department:

Finance

Attachments:

[Financial Report through March 2024](#)
[Q1 2024 Presentation](#)

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 the 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 March 31, 2024, based on financial data available as of May 15, 2024.

Reviewed by Council Committees:

Councilmember: Kate Baldwin

Staff:

Jamie Thomas

Meeting Date: June 24, 2024

Item Number:

This report provides an overview of the City’s overall cash-basis financial position for the fiscal period ending March 31, 2024, reflecting data available as of May 15, 2024. References to budget, actual and prior year amounts reflect year-to-date numbers, unless otherwise stated. Year-to-date budget expectations are generally based on the two prior years of data.

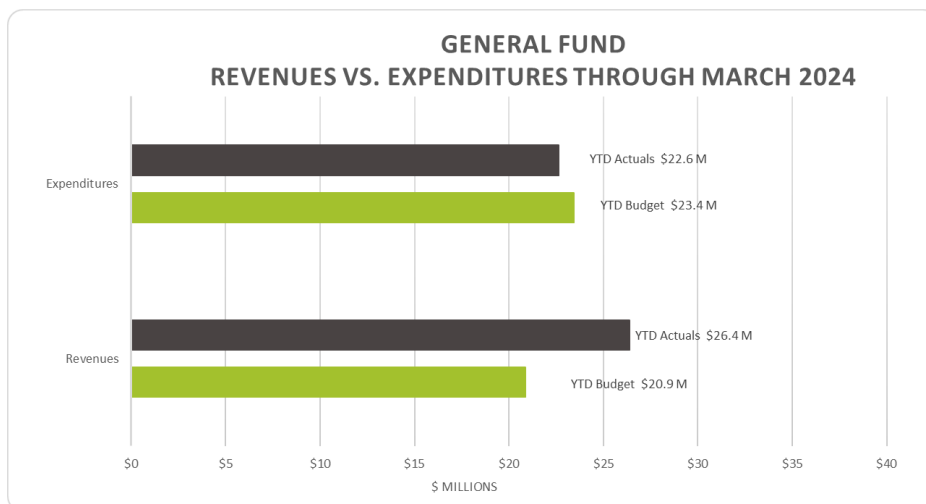
General Fund Overview

The City has entered 2024 on the heels of a solid financial performance in 2023, and is currently in the midst of developing the biennial budget for the fiscal years of 2025-2026. General Fund revenues have generally exceeded budget expectations and largely recovered from the impact of COVID-19. With the adoption of Ordinance #6918 in November 2023, the annual budget consists of \$106.0 million in revenues and \$104.0 million in expenditures - a planned increase in General Fund balance of \$2.0 million.

Through the first quarter of 2024, the General Fund outperformed revenue expectations. Comparing year-to-date 2024 revenues versus year-to-date 2023 revenues, the City collected \$6.1 million or 30.0% more. A large contributor to this outcome was Business and Occupation (B&O) tax revenue; during the first quarter the City collected \$3.1 million in B&O taxes, which includes back dated collections. However, the City anticipates that B&O revenues will decline from a high point of \$10.6 million as payments related to prior periods decrease. The City also implemented a new photo enforcement program during the second half of 2023 which generated \$755,500 of new revenue during the first quarter of 2024. Slightly mitigating the increases in General Fund revenues, the City also saw increased expenditures from the same period last year by \$1.3 million or 6.1%. This is due to planned increases in overhead costs and professional services (citywide projects and improvements).

To help attract visitors/tourists into the City, a wide range of recreational classes and access to the Auburn Golf Course. Greens fees at the Auburn Golf Course have remained a staple revenue source, comprising roughly 67% or \$505,000 of the total culture and recreation revenues. Recreational classes have remained stable from 2023 collections and with the upcoming spring and summer months, an anticipated increase to golf course revenues is expected.

Overall, General Fund revenues collected through Q1-2024 totaled \$26.4 million as compared to the year-to-date budget of \$20.9 million, and were \$5.5 million, or **26.4% above** budget expectations. General Fund expenditures through Q1-2024 totaled \$22.6 million compared to the year-to-date budget of \$24.3 million; resulting in a \$800,000 or **3.4% underspend**.



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

- Business and Occupation Tax: Revenues collected throughout Q1-2024 totaled \$3.1 million, exceeding the year-to-date budget by \$1.3 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 7]**
- Fines and Penalties: Collections through the first quarter of 2024 were \$1.07 million in total and \$813,000,000 favorable to budget. Higher than expected revenues from a new photo enforcement program implemented by the City during the second quarter of the prior year contributed \$683,500 toward the favorable variance. Other non-court fines and penalties are \$134,000 favorable versus budget expectations, mainly due to interest and penalties on B&O tax collection. **[pages 17-18]**
- Intergovernmental revenue: Q1-2024 revenues collected totaled \$1.9 million, which was \$623,500 favorable to the year-to-date budget. The variance is mainly due to the timing of collections from the Muckleshoot Indian Tribe (MIT). Furthermore, the City received an interlocal grant covering prior year projects as well, contributing to the favorable variance. **[page 14]**
- Retail Sales Tax: The sales tax report for distributions through March 2024 (provided as an attachment to this report) reflects amounts remitted to the City of Auburn based on sales between November 2023 and January 2024. Collections totaled \$5.7 million, a 0.9% increase from last year. Likewise, compared to the annual budget, sales tax has a favorable variance of \$563,400 or 11.0%. The increase resulted from multiple categories, particularly services and transportation. **[pages 5-7]**
- Utility Tax: Revenues collected through Q1-2024 totaled \$3.8 million and were \$653,400 higher than budget expectations. Collection of backdated utility taxes from solid waste haulers provided roughly 44% of the favorable variance. Likewise, city utility interfund taxes provide a favorable variance of \$247,000, mainly due to higher solid waste collections resulting from a combination of increase levels of service provided and increased rates. **[pages 8-9]**

Expenditures: Most departments operated within their year-to-date budgets through the first quarter of 2024, with some variances due to the timing of professional services payments, as well as expenses related to projects facilitated by ARPA funding. Overall favorable variance to the year-to-date expense budget is \$799,000. Contributing to the favorable variance was a savings in salaries and benefits expenses; as of the compilation of this report, there were 29 vacant regular full-time positions in the City. Services and charges were also below budget expectations through the first quarter of 2024. This is partially due to the timing of spend on projects in-progress within 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. In the prior year, we noted that the City's cash and investment balances had increased significantly, due to increased interest rates and yields to maturity for the City's investment accounts. In 2024, the maturation of certain investments means the Enterprise funds which previously saw significant year-over-year increases in interest earnings are continuing to see higher interest income, albeit at a lower growth rate. Through Q1-2024, total interest earnings for the City's enterprise funds increased \$55,000 from Q1-2023 to Q1-2024.

The **Water Fund** ended Q1-2024 with operating income of about \$1.1 million, an increase of \$157,000 compared to the same period last year. This increase is due primarily to increased water sales (+\$373,000) and was partially offset by increased operating expenses (+\$170,000). Given the seasonality of Water revenues, we generally expect Water revenues to be lower in Q1, while gradually increasing through Q2 and reaching their peak in Q3 when the weather is the warmest. Operating revenues through Q1-2024 were higher than expected compared to our budget projections (+\$288,000), while operating expenses also came in under budget (-\$300,000), resulting in a \$588,000 favorable variance to budget. **[pages 22-23]**

The **Sewer Fund** ended Q1-2024 with operating income of about \$1.2 million versus \$989,000 in the same period last year. The main drivers of this \$236,000 increase are increased service charges and interest earnings, compared to the prior year. In total, operating income for this fund was \$1.3 million favorable compared to our budget projections, due to favorable variances in both operating revenues (+\$548,000) and operating expenses (-\$724,000). **[page 23]**

The **Stormwater Fund** ended Q1-2024 with operating income of about \$832,000, which is \$88,000 lower than Q1-2023. While charges for storm service did increase \$151,000 compared to the prior year, the fund also saw a year-over-year decrease in interest earnings. Additional drivers included increased personnel costs (+\$109,000) and miscellaneous service costs (+\$69,000), including utility taxes. This fund outperformed budget projections by \$636,000 through Q1-2024, with favorable variances to budget in operating revenues (+\$428,000) and operating expenses (-\$208,000). **[page 23]**

The **Solid Waste Fund** ended Q1-2024 with operating income of about \$5.0 million, which is significantly higher than the operating loss of \$71,000 that the fund saw in Q1-2023. This is due to a difference in the timing of payments made to the solid waste vendor, which lowered the amount paid in Q1-2024 compared to the prior year. This fund also saw an increase of \$532,000 in charges for service due to higher rates in 2024, which contributed to the overall year-over-year increase. This timing difference also impacted variances to budget, given that the City recorded less expenses than originally anticipated through Q1-2024. **[page 24]**

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 Q1-2024. **[page 24]**

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	2024			2024 YTD Budget vs. Actual		2023	2024 YTD Actual vs. 2023 Actual	
	Annual Budget	YTD Budget	YTD Actual	Favorable (Unfavorable) Amount	Percentage	YTD Actual	Favorable (Unfavorable) Amount	Percentage
Operating Revenues								
Property Tax	\$ 24,486,386	\$ 1,140,900	\$ 1,050,494	\$ (90,406)	(7.9) %	\$ 1,103,605	\$ (53,111)	(4.8) %
Retail Sales Tax	20,649,700	5,106,000	5,669,407	563,407	11.0 %	5,616,703	52,704	0.9 %
Affordable Housing Sales Tax Credit	177,587	56,000	47,917	(8,083)	(14.4) %	48,202	(285)	(0.6) %
Sales Tax - Pierce County Parks	130,000	31,400	32,978	1,578	5.0 %	32,886	92	0.3 %
Criminal Justice Sales Tax	2,478,000	594,000	750,485	156,485	26.3 %	775,552	(25,067)	(3.2) %
Brokered Natural Gas Tax	150,000	54,600	95,328	40,728	74.6 %	144,350	(49,022)	(34.0) %
City Utilities Tax	5,989,667	1,313,400	1,560,380	246,980	18.8 %	1,445,233	115,147	8.0 %
Business & Occupation Tax	7,029,750	1,757,438	3,101,343	1,343,906	76.5 %	1,688,685	1,412,658	83.7 %
Admissions Tax	312,445	93,300	258,571	165,271	177.1 %	114,096	144,475	126.6 %
Electric Tax	4,426,743	1,064,300	1,097,323	33,023	3.1 %	1,041,482	55,841	5.4 %
Natural Gas Tax	1,658,523	394,100	323,043	(71,057)	(18.0) %	348,245	(25,201)	(7.2) %
Cable Franchise Fee	880,889	220,222	195,621	(24,601)	(11.2) %	-	195,621	N/A %
Cable Utility Tax	931,981	232,995	208,503	(24,492)	(10.5) %	280,942	(72,438)	(25.8) %
Cable Franchise Fee - Capital	51,539	12,885	10,197	(2,688)	(20.9) %	16,289	(6,092)	(37.4) %
Telephone Tax	435,847	91,669	230,267	138,598	151.2 %	81,478	148,790	182.6 %
Solid Waste Tax (external)	621,973	24,651	314,269	289,617	1174.9 %	21,420	292,848	1367.1 %
Leasehold Excise Tax	255,335	15,200	17,868	2,668	17.6 %	17,790	78	0.4 %
Gambling Excise Tax	295,300	76,313	29,320	(46,993)	(61.6) %	103,877	(74,557)	(71.8) %
Taxes sub-total	\$ 70,961,665	\$ 12,279,373	\$ 14,993,317	\$ 2,713,944	22.1 %	\$ 12,880,835	\$ 2,112,481	16.4 %
Business License Fees	\$ 461,250	\$ 144,100	\$ 158,848	\$ 14,748	10.2 %	\$ 204,050	\$ (45,201)	(22.2) %
Building Permits	956,698	220,700	234,452	13,752	6.2 %	142,518	91,934	64.5 %
Other Licenses & Permits	1,150,950	300,800	253,287	(47,513)	(15.8) %	320,956	(67,669)	(21.1) %
Intergovernmental (Grants, etc.)	5,558,102	1,303,854	1,927,291	623,437	47.8 %	1,486,422	440,869	29.7 %
Charges for Services:								
General Government Services	4,698,004	1,161,662	1,131,944	(29,718)	(2.6) %	1,091,757	40,187	3.7 %
Public Safety	1,057,000	264,250	269,302	5,052	1.9 %	237,189	32,113	13.5 %
Development Services Fees	1,158,080	275,700	398,853	123,153	44.7 %	214,228	184,624	86.2 %
Culture and Recreation	2,915,485	674,557	748,250	73,693	10.9 %	796,244	(47,993)	(6.0) %
Fines and Penalties	1,071,819	257,105	1,069,818	812,713	316.1 %	103,818	966,000	930.5 %
Fees/Charges/Fines sub-total	\$ 19,027,388	\$ 4,602,729	\$ 6,192,045	\$ 1,589,316	34.5 %	\$ 4,597,182	\$ 1,594,863	34.7 %
Interest and Investment Earnings	\$ 315,000	\$ 78,750	\$ 427,829	\$ 349,079	443.3 %	\$ 248,841	\$ 178,988	71.9 %
Rents and Leases	1,142,948	291,200	289,213	(1,987)	(0.7) %	300,463	(11,251)	(3.7) %
Contributions and Donations	42,000	3,312	2,352	(960)	(29.0) %	434	1,918	441.9 %
Other Miscellaneous	208,000	73,403	196,211	122,808	167.3 %	192,895	3,316	1.7 %
Transfers In	14,203,054	3,550,764	4,270,722	719,959	20.3 %	2,015,000	2,255,722	111.9 %
Insurance Recoveries - Capital & Operating	25,000	6,250	29,294	23,044	368.7 %	90,449	(61,155)	(67.6) %
Other Revenues sub-total	\$ 15,936,002	\$ 4,003,678	\$ 5,215,621	\$ 1,211,942	30.3 %	\$ 2,848,082	\$ 2,367,539	83.1 %
Total Operating Revenues	\$ 105,925,055	\$ 20,885,780	\$ 26,400,982	\$ 5,515,202	26.4 %	\$ 20,326,099	\$ 6,074,883	29.9 %
Operating Expenditures								
Council & Mayor	\$ 1,459,725	\$ 382,800	\$ 376,608	\$ 6,192	1.6 %	\$ 371,523	\$ 5,084	1.4 %
Administration	1,325,280	310,100	326,024	(15,924)	(5.1) %	297,383	28,640	9.6 %
Human Resources	2,527,139	631,100	596,959	34,141	5.4 %	595,939	1,019	0.2 %
Municipal Court & Probation	3,040,544	239,686	265,572	(25,886)	(10.8) %	252,957	12,614	5.0 %
Finance	5,455,040	1,292,300	1,216,178	76,122	5.9 %	1,150,000	66,179	5.8 %
City Attorney	4,613,393	1,019,900	951,573	68,327	6.7 %	1,384,348	(432,775)	(31.3) %
Community Development	7,457,716	1,501,600	1,597,614	(96,014)	(6.4) %	1,589,461	8,153	0.5 %
Anti-Homelessness	3,099,432	774,900	567,118	207,782	26.8 %	-	567,118	N/A %
DEI	752,808	188,100	175,123	12,977	6.9 %	82,631	92,493	111.9 %
Jail - SCORE	5,700,000	1,425,000	1,216,494	208,506	14.6 %	1,173,547	42,947	3.7 %
Police	37,253,306	9,603,700	8,679,621	924,079	9.6 %	8,495,621	184,000	2.2 %
Public Works	4,744,995	1,078,500	1,244,139	(165,639)	(15.4) %	1,035,836	208,303	20.1 %
Parks, Arts & Recreation	15,941,772	3,490,000	3,660,307	(170,307)	(4.9) %	3,427,650	232,656	6.8 %
Streets	4,839,339	1,065,300	1,053,765	11,535	1.1 %	938,310	115,454	12.3 %
Non-Departmental	5,810,301	429,854	706,518	(276,664)	(64.4) %	540,193	166,326	30.8 %
Total Operating Expenditures	\$ 104,020,790	\$ 23,432,840	\$ 22,633,612	\$ 799,228	3.4 %	\$ 21,335,400	\$ 1,298,212	6.1 %

Revenue

The combined total of property, sales/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 25% of total revenue to the General Fund. The remaining 5% 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 in the first quarter totaled roughly \$1.1 million, approximately \$90,000 or 7.9% below budget projections.. However, 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 Q1-2024 totaled \$5.7 million, representing taxes remitted to the City of Auburn based on sales from November 2023 through January 2024. Overall, these revenues are on par with collections through Q1-2023, with steady performances in the transportation (+\$18,425), wholesale (+\$9,300), and services (+\$24,400) industries more than offsetting slight decreases in most of the remaining industries. Of the main contributors to sales tax revenues, construction (-\$33,500) and automotive (-\$9,000) generated less revenue than in Q1-2023. In addition to the small overall increase from Q1-2023, these revenues are favorable to budget by nearly \$563,000 or 11.0% through the first quarter.

The City set an overall budget of \$20.6 million for the fiscal year of 2024; based on year-to-date performance, actual collections may exceed this by year-end. King County estimates¹ that sales tax revenues will have an annual growth of 3.9% from 2023 actuals. Dating back to 2014, the City has seen consistent growth within the sales tax revenue stream by an average of 7.6% year-over-year.

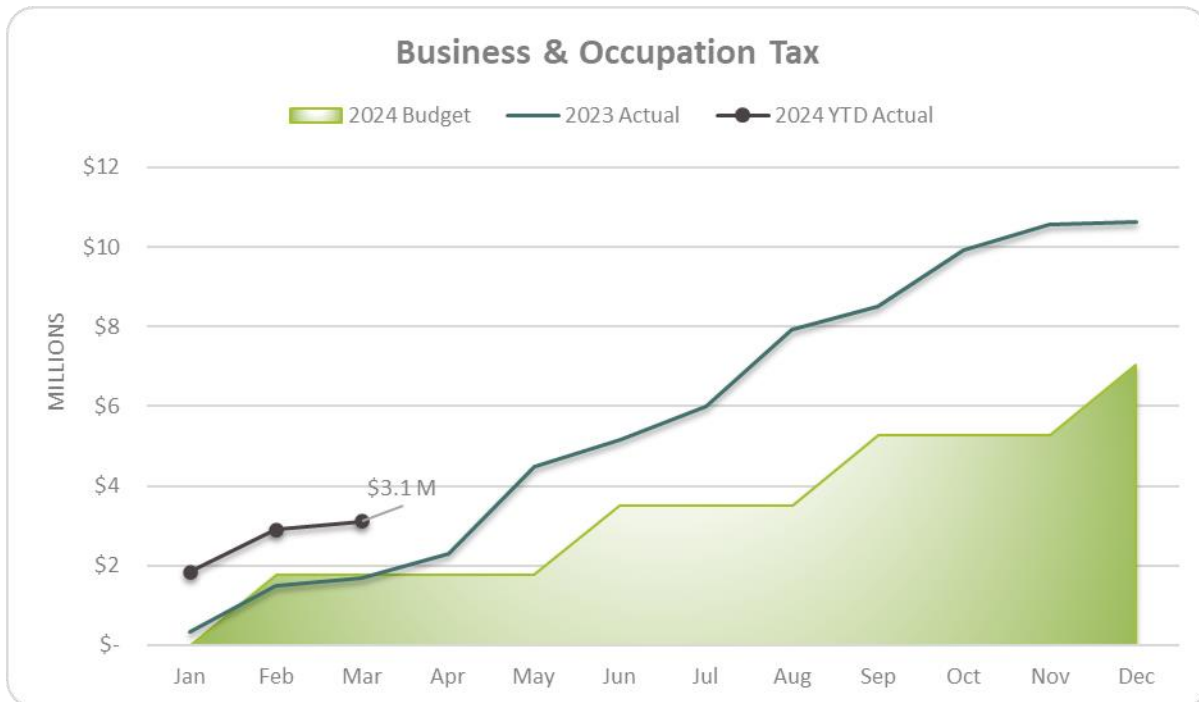
¹ King County, WA. 2024. The Office of Economic and Financial Analysis. <https://kingcounty.gov/en/legacy/independent/forecasting>.



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

Comparison of Retail Sales Tax Collections by Group Through March 2024				
Component Group	2023 YTD Actual	2024 YTD Actual	Change from 2023	
			Amount	Percentage
Construction	\$ 677,484	\$ 643,986	\$ (33,497)	(4.9) %
Manufacturing	138,050	137,690	(361)	(0.3) %
Transportation & Warehousing	56,265	74,690	18,425	32.7 %
Wholesale Trade	396,540	405,833	9,293	2.3 %
Automotive	1,178,351	1,169,340	(9,011)	(0.8) %
Retail Trade	1,735,724	1,751,600	15,877	0.9 %
Services	1,373,134	1,397,566	24,432	1.8 %
Miscellaneous	61,156	88,702	27,546	45.0 %
YTD Total	\$ 5,616,703	\$ 5,669,407	\$ 52,704	0.9 %

Business & Occupation (B&O) Taxes were implemented by the City at the beginning of 2022. These taxes are collected from businesses based on either the value of gross receipts or square footage of occupied warehousing space, subject to certain constraints. While the City receives collections throughout the year, B&O taxes are generally collected on a quarterly basis. By reconciling against the State’s Business Licensing System the City was able to identify taxes collectable from prior periods, significantly contributing to the performance of this revenue. Overall collection throughout the first quarter of the year totaled \$3.1 million versus a budgeted amount of \$1.8 million. Current 2024 collections outpace 2023 collections through the same period by \$1.4 million (83.7%), although recovery of back taxes is anticipated to decrease over time.



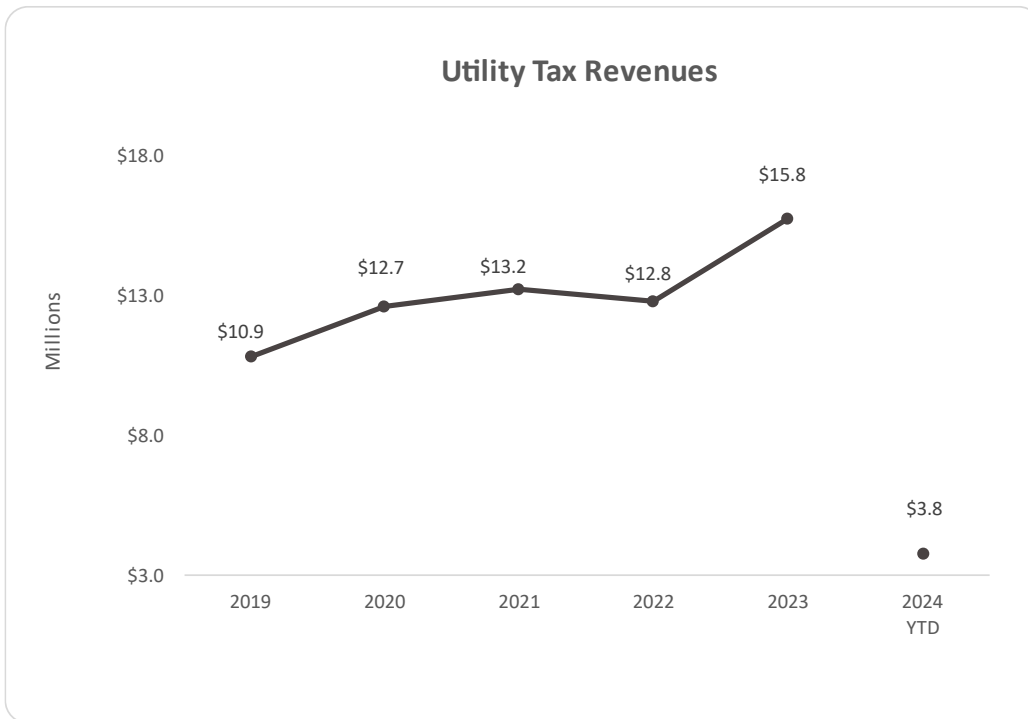
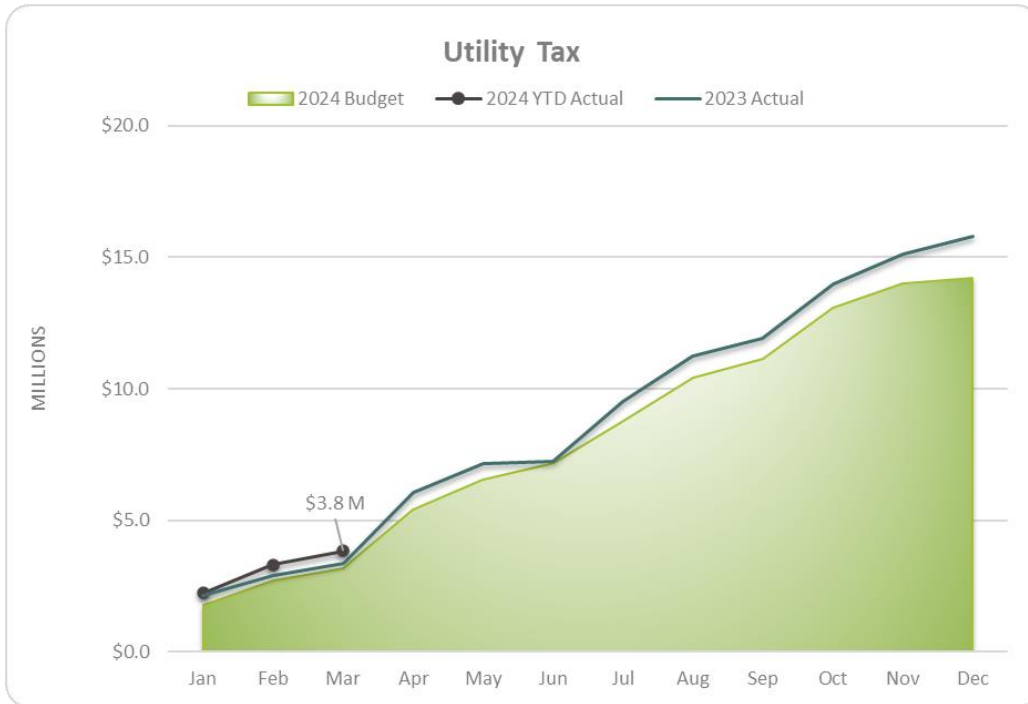
Utility Taxes consist of an 11.5% tax on the gross revenues of water, sewer, storm drainage and solid waste utilities and a 6.0% tax on electric, natural gas, and telephone utilities operating within the City. Of those utilities taxed at 11.5%, the General Fund receives 9.0% while the remaining 2.5% is dedicated to funding City streets projects. The utilities taxed at 6.0% contribute 5.0% to the General Fund and 1.0% to City streets projects.

Overall, utility taxes increased by \$466,000 or 13.9% from Q1-2023 and are \$653,400 favorable to budget. Roughly 70% of the utility taxes collected by the City are represented by the city interfund utility and electric utility taxes. These two revenue sources accounted for \$2.7 million of the collected \$3.8 million throughout the first quarter of 2024.

Furthermore, telephone taxes have increased from Q1-2023 by \$149,000 and was mainly due to the timing of collections from prior year activity. A portion of the overall favorable variance comes within the Solid Waste (external) category due to the City collecting backdated utility taxes from solid waste haulers. The City anticipates this level of collection to slow as more utility taxes become current.

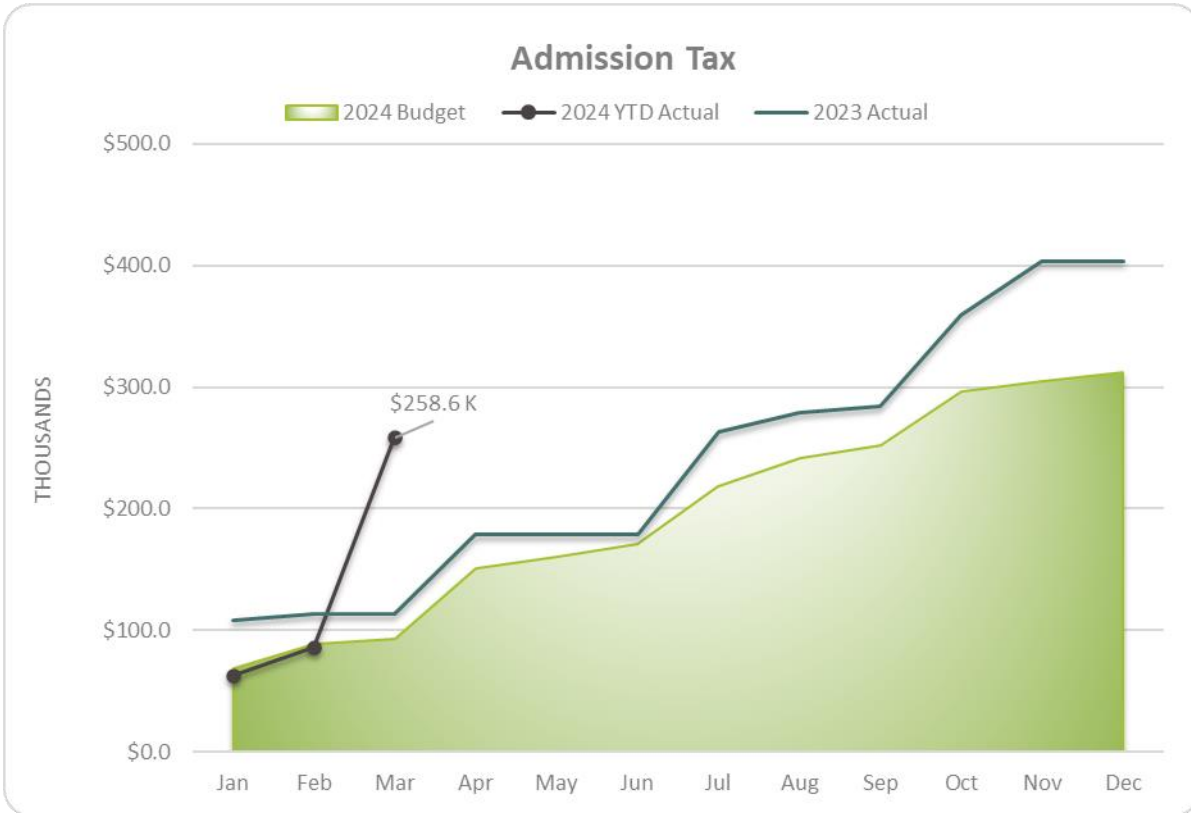
The table and graphics below demonstrate the various utility tax revenues and show actual revenues compared to budget. Note that these amounts correspond to only the General Fund portion of revenues, and do not contain those revenues allocated for funding City streets projects.

Utility Tax by Type Through March 2024							
Utility Tax Type	2023 YTD Actual	2024 YTD Budget	2024 YTD Actual	2024 vs. 2023 Actual		2024 vs. Budget	
				Amount	Percentage	Amount	Percentage
City Interfund Utility Taxes	\$ 1,445,233	\$ 1,313,400	\$ 1,560,380	\$ 115,147	8.0 %	\$ 246,980	18.8 %
Electric	1,041,482	1,064,300	1,097,323	55,841	5.4 %	33,023	3.1 %
Natural Gas	348,245	394,100	323,043	(25,201)	(7.2) %	(71,057)	(18.0) %
Telephone	81,478	91,669	230,267	148,790	182.6 %	138,598	151.2 %
External Utility Taxes	21,420	24,651	314,269	292,848	1,367.1 %	289,617	0.0 %
Brokered Natural Gas	144,350	54,600	95,328	(49,022)	(34.0) %	40,728	74.6 %
Cable	280,942	232,995	208,503	(72,438)	(25.8) %	(24,492)	(10.5) %
YTD Total	\$ 3,363,150	\$ 3,175,716	\$ 3,829,115	\$ 465,965	13.9 %	\$ 653,399	20.6 %



Note: 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%. The significant jump from 2022 (\$12.8 million) to 2023 (\$15.4 million) is largely due to higher service revenue following a rate increase effective in 2023, combined with higher service usage and the collection of B&O taxes on businesses that provide utility services.

An **Admission Tax** of 5.0% is placed on charges for general admission, season tickets, cover charges, etc. which are generally collected on a quarterly basis. Admission tax revenues of approximately \$260,000 collected through March 2024 were significantly higher (177.1%) than Q1-2023, and favorable variance to budget by \$145,000. The large increase in collections in March was due to a one-time payment as part of an agreement. Controlling for this non-recurring payment, admission taxes are still reporting a favorable variance to budget by roughly \$59,000.



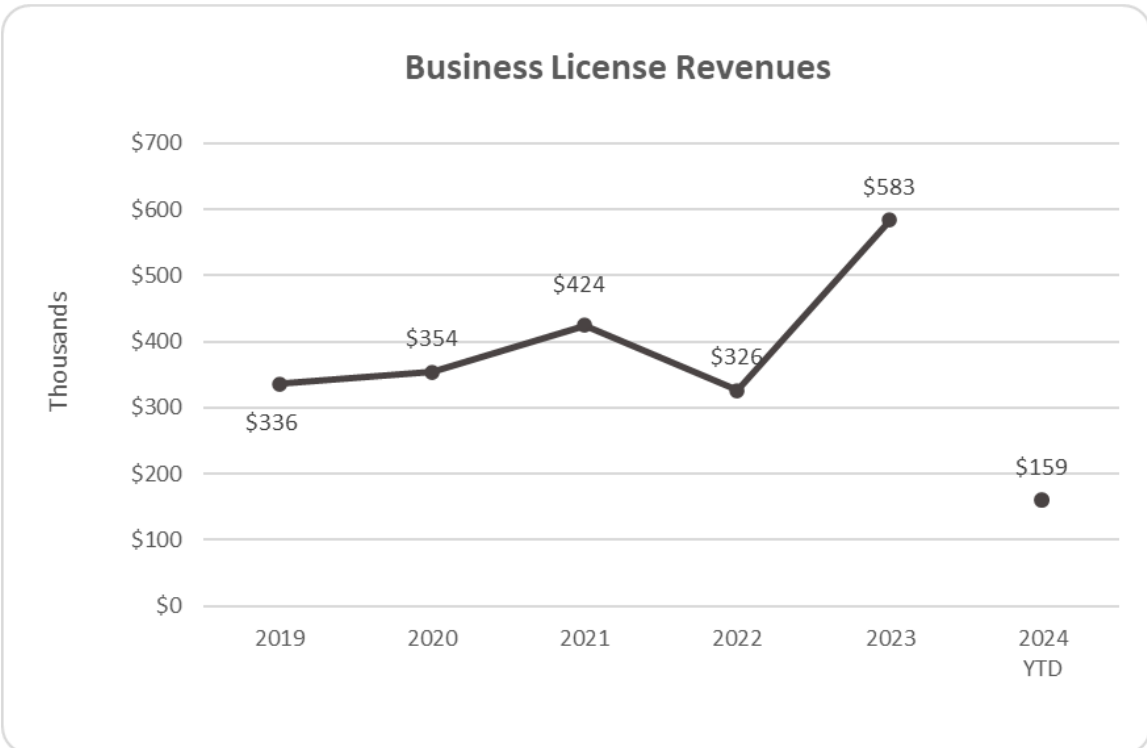
Gambling Tax applies to all card games, punch board games, pull tabs, bingo games, raffles and amusement games played within City limits. The majority of gambling tax revenues are collected from amusement games (87.0%) and punch boards and pull tabs (12.9%). Through the first quarter, collections are \$75,000 lower than 2023 year-to-date totals and report a \$47,000, or 61.6%, unfavorable variance to budget. The primary driver for the unfavorable variance is due to the City receiving no collections for card games. Gambling tax revenues historically have high volatility from year to year: excluding 2021, recent first-quarter revenues average about \$72,000 but have been as high as \$103,000 (2023) and as low as \$35,000 (2018).



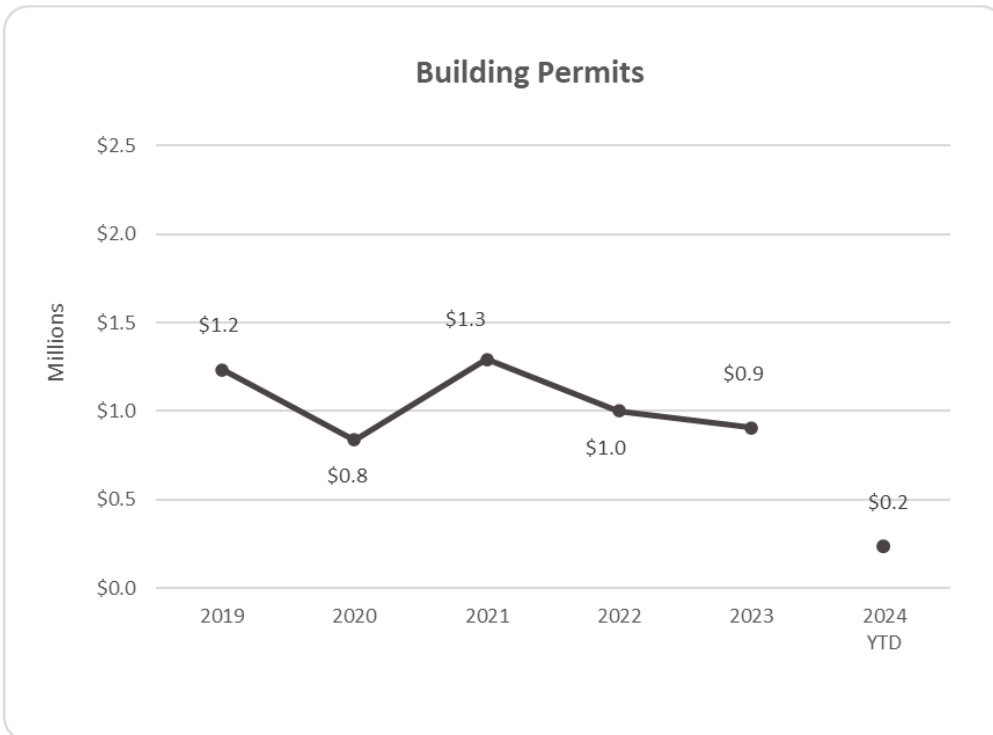
Licenses and Permits include business licenses, building permits, plumbing, electric and other licenses and permit fees. Building permit fees (approximately 60%) and business licenses (approximately 15%) typically make up about 75% of the annual budgeted revenue in this category.

The annual **Business License** renewal fee for each business located within the City is \$103. Previously, all businesses were on calendar year renewal cycle, resulting in the majority of business license revenue being collected in November and December for existing businesses renewing their licenses.

As of September of 2022, businesses are now on an annual renewal cycle that begins on the date the business had originally been granted a license. This methodology has smoothed revenue collection throughout the year, which can also be seen in the chart below as a fairly linear progression of year-to-date collections totaling \$159,000, compared to \$204,000 in Q1-2023, a -22.2% decrease. Historically business license collections have been a highly volatile revenue source, though collections in 2024 are projected to be comparable to 2023 totals due to increased discovery through B&O tax collections and use of the State’s Business Licensing System.

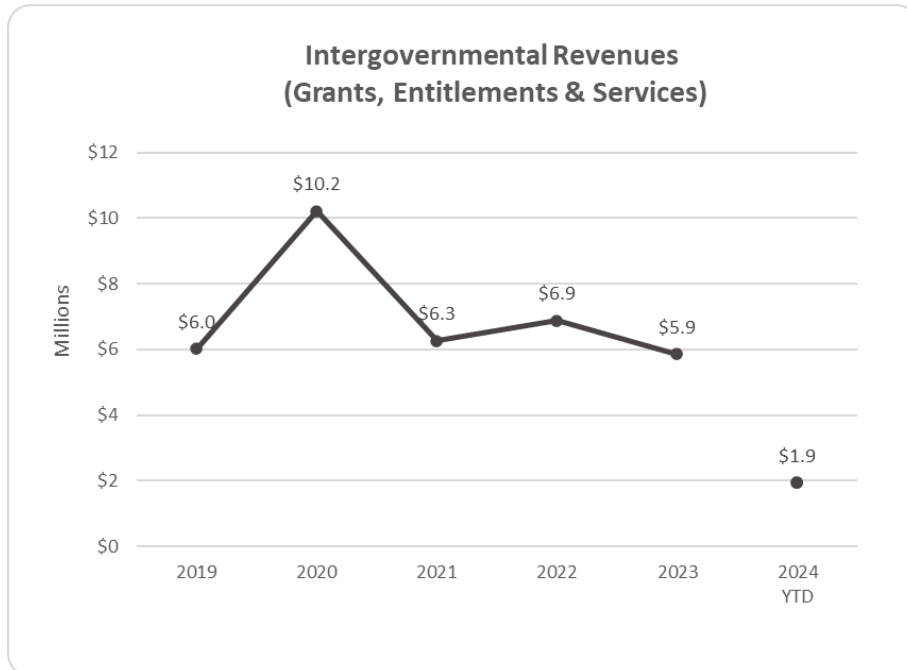


Building Permit revenues collected through March 2024 totaled \$234,500. Building permits are approximately \$92,000 higher than 2023 collections year-to-date and holds a favorable variance against the budget of \$13,750 (6.2%). A large contributing factor for this favorable variance is due to the increased valuation of construction permits on mixed use and subdivision builds, which coincides with the marginal gains noted in plan check fees mentioned later in this report. The number of permits submitted have also increased from 2023 by 29.0% through the first quarter representing an increased workload of construction throughout the City.



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 Q1-2024 totaled \$1.9 million and were \$623,000 favorable to budget expectations. Much of this favorable variance is due to the final payment of the 2023 compact request made by Muckleshoot Casino in February 2024. However, the 2024 compact request is still pending MIT approval, and no 2024 revenues have been collected to date. Likewise, the City received reimbursements from an interlocal grant paying prior year expenses of \$120k contributing to the favorable variance.

Intergovernmental Revenues (Grants, Entitlements & Services)							
Through March 2024							
Revenue	2023	2024	2024	2024 vs. 2023 Actual		2024 vs. Budget	
	YTD Actual	YTD Budget	YTD Actual	Amount	% Change	Amount	% Change
Federal Grants	\$ -	\$ -	\$ 1,330	\$ 1,330		\$ 1,330	
State Grants	2,417	2,600	28,846	26,428	1093.4 %	26,246	1009.4 %
Interlocal Grants	-	900	196,851	196,851		195,951	21772.3 %
Muckleshoot Casino Services	539,508	428,161	791,885	252,377	46.8 %	363,724	85.0 %
One-Time Allocation (SB 5092)	-	-	-	-		-	
State Shared Revenues:							
Streamlined Sales Tax	200,032	143,996	160,025	(40,006)	(20.0) %	16,030	11.1 %
Motor Vehicle Fuel Tax	263,010	286,300	256,148	(6,861)	(2.6) %	(30,152)	(10.5) %
Criminal Justice - High Crime	70,856	72,274	70,778	(78)	(0.1) %	(1,496)	(2.1) %
Criminal Justice - Population	7,760	5,000	8,195	436	5.6 %	3,195	63.9 %
Criminal Justice - Special Prog.	27,452	20,600	28,858	1,407	5.1 %	8,258	40.1 %
Marijuana Excise Tax	58,580	43,881	64,249	5,670	9.7 %	20,369	46.4 %
State DUI	108	3,098	2,927	2,819	2599.9 %	(171)	(5.5) %
Fire Insurance Tax	-	-	-	-		-	
Liquor Excise	147,070	118,942	149,568	2,498	1.7 %	30,626	25.7 %
Liquor Profit	169,631	178,104	167,631	(2,000)	(1.2) %	(10,473)	(5.9) %
Total State Shared:	944,497	872,194	908,381	(36,117)	(3.8) %	36,187	4.1 %
YTD Total	\$ 1,486,422	\$ 1,303,854	\$ 1,927,291	\$ 440,869	29.7 %	\$ 623,437	47.8 %



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.

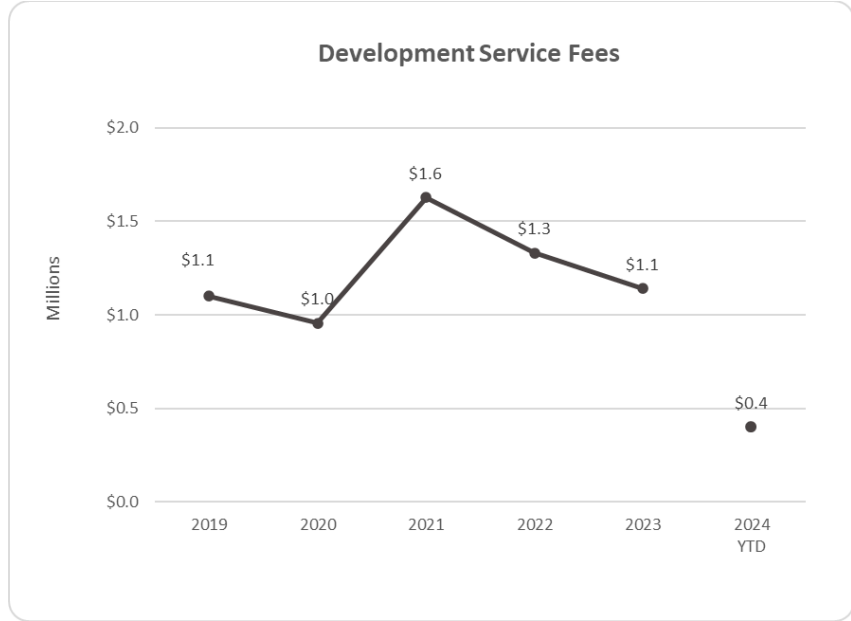
Charges for Services consist of general governmental service charges, public safety charges, development service fees, and culture and recreation fees. Total charges for services collected through March 2024 totaled \$2.5 million and were \$172,000, or 7.2%, more than expected to date, mainly due to development services (specifically plan check fees) being higher than anticipated.

Charges for Services by Type Through March 2024							
Revenue	2023 YTD Actual	2024 YTD Budget	2024 YTD Actual	2024 vs. 2023 Actual		2024 vs. Budget	
				Amount	Percentage	Amount	Percentage
General Government	\$ 1,091,757	\$ 1,161,662	\$ 1,131,944	\$ 40,187	3.7 %	\$ (29,718)	(2.6) %
Public Safety	237,189	264,250	269,302	32,113	13.5 %	5,052	1.9 %
Development Services	214,228	275,700	398,853	184,624	86.2 %	123,153	44.7 %
Culture & Recreation	796,244	674,557	748,250	(47,993)	(6.0) %	73,693	10.9 %
YTD Total	\$ 2,339,418	\$ 2,376,169	\$ 2,548,349	\$ 208,930	8.9 %	\$ 172,179	7.2 %

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 transportation projects. The unfavorable variance of \$25,000 to budget is due to the timing of SKHHP revenues, which are received on a reimbursement basis. Based on current schedules, most of the budgeted expenses are for projects expected to occur during the second half of the year and will be reimbursed at that time.

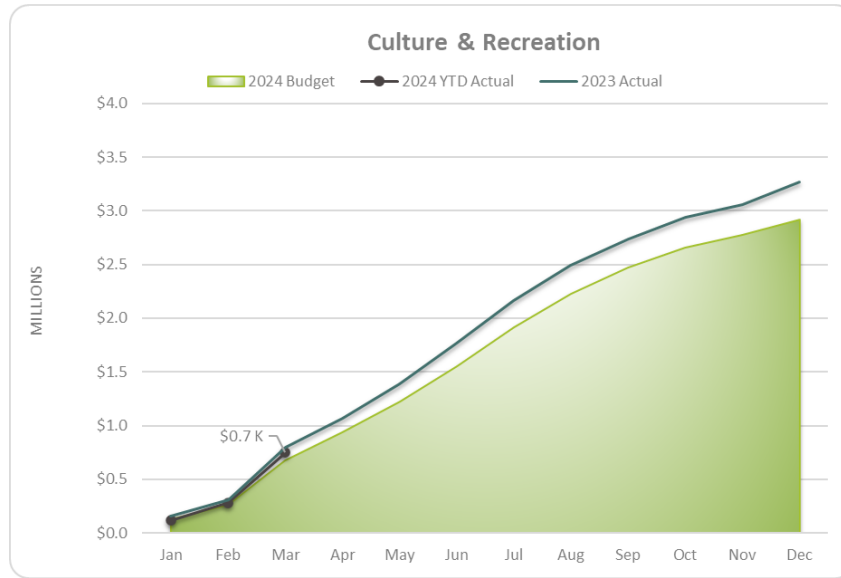
Public safety revenues mainly consist of revenues for law enforcement services, which are extra duty security services whereby police officers are contracted for, and reimbursement is made by the hiring agency. This category also includes reimbursements from the Muckleshoot Indian Tribe (MIT) for a full-time 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 first quarter of 2024 totaled \$270,000 and saw a \$32,000 increase from 2023 first quarter totals. This is largely attributable to higher-than-expected DUI emergency response fees collected. The sub-category of law enforcement services is higher than 2023 totals year-to-date by \$31,000 due to timing of collections on private security services. However, this sub-category holds an unfavorable variance to budget by \$9,000.

Development services fee collections consist primarily of plan check fees, facility extension charges, and zoning and subdivision fees. Through Q1-2024, development service fees collected totaled \$400,000 and were \$123,000 favorable to budget expectations. Major contributors to this variance were plan check fees, where construction documents require review per Section 106.3 of the Construction Administrative Code (+\$109,000) and zoning and subdivision (+\$29,000). Although FAC linear charges (fees assessed on projects that require extension of public facilities) are higher year-over-year by \$60,000 to date, this revenue source holds an unfavorable variance to budget by \$8,000. 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, while first quarter collections in 2024 are lower than the same period in 2022, they are still higher than any other first quarter collections dating back to 2009.



Most *culture and recreation* revenues are derived from green fees and pro shop sales at the Auburn Golf Course, recreational classes, ticket sales at the Auburn Avenue Theater, senior programs, and special events. Overall, this category of revenues outperformed budget expectations by \$74,000, or 10.9%. Nearly 80% of the year-to-date revenues have come from the Auburn Golf Course and recreation classes. Even with the favorable variances, greens fee revenues have decreased \$22,350 or -10.3% from the same period last year and are unfavorable to budget by \$175,500 year-to-date. The City projects that green fees collections will steadily rise with the upcoming spring and summer seasons.

Recreation class revenues have generally remained consistent from prior year-to-date totals and reported \$313,000 in collections. Ticket sales for performances held at local school venues (previously held at the Auburn Avenue Theater) have decreased by \$13,750 or 23.0%. Since 2021, culture and recreation revenues have increased by roughly 18% each year, and the City anticipates the same in 2024 with upcoming favorable weather for the golf course and recreational classes.

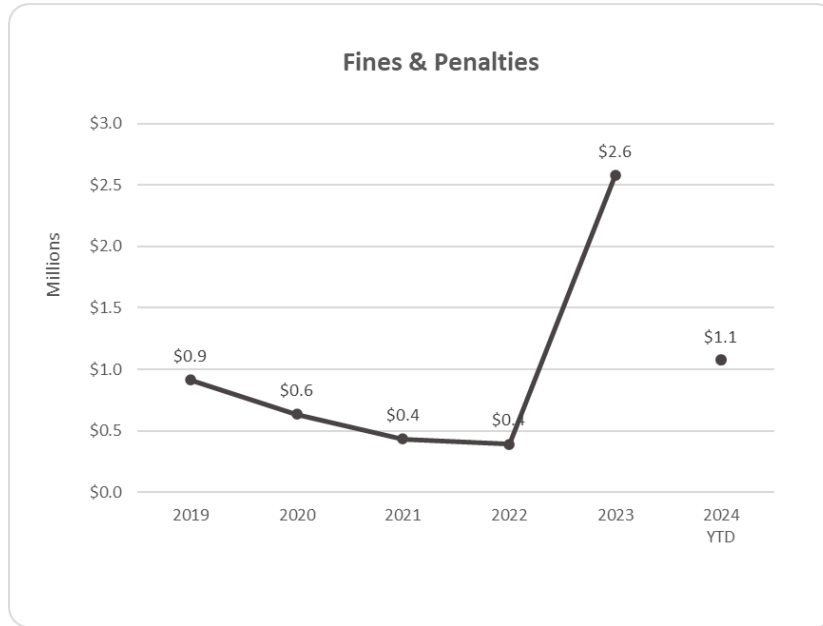


Fines & Penalties include civil penalties (such as code compliance fines), parking and traffic infraction penalties, criminal fines (including criminal traffic, criminal non-traffic, and other criminal offenses) as well as non-court fines such as false alarm fines. The table below shows a detailed breakdown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

Fines & Penalties by Type Through March 2024							
Month	2023	2024	2024	2024 vs. 2023 Actual		2024 vs. Budget	
	YTD Actual	YTD Budget	YTD Actual	Amount	Percentage	Amount	Percentage
Civil Penalties	\$ 210	\$ 529	\$ 370	\$ 160	76.2 %	\$ (159)	(30.0) %
Civil Infraction Penalties	37,218	32,300	41,298	4,080	11.0 %	8,998	27.9 %
Photo Enforcement	1,067	1,500	157	(910)	(85.3) %	(1,343)	N/A %
Parking Infractions	20,004	183,377	866,789	846,786	4,233.1 %	683,413	372.7 %
Criminal Traffic Misdemeanor	9,232	14,800	7,641	(1,591)	(17.2) %	(7,159)	(48.4) %
Criminal Non-Traffic Fines	15,226	12,600	14,332	(894)	(5.9) %	1,732	13.7 %
Criminal Costs	4,226	10,300	3,377	(849)	(20.1) %	(6,923)	(67.2) %
Non-Court Fines & Penalties	16,635	1,700	135,853	119,218	716.7 %	134,153	7,891.4 %
YTD Total	\$ 103,818	\$ 257,105	\$ 1,069,818	\$ 966,000	930.5 %	\$ 812,713	316.1 %

Total revenues collected through March 2024 totaled \$1.1 million as compared to a budget of \$102,000 and were 949.6% above budget expectations. This is primarily due to collections of the photo enforcement program implemented in 2023, which are classified as parking infractions. Furthermore, the City received an influx of non-court fines & penalties in January and February due to back-pay of B&O taxes.

The City contracts with the King County Court to operate its municipal court services. The number of hearings, judgments, and collections activity began decreasing in 2019 and has continued to decline since that time. Although the graph below shows a large spike in revenue in 2023 and strong performance in 2024, this is almost entirely due to photo enforcement and B&O-related collections. Excluding these sources, the remaining court-related collections have declined to \$67,000, approximately one-third of their first quarter average for the period of 2015-2019 prior to contracting with the King County Court.



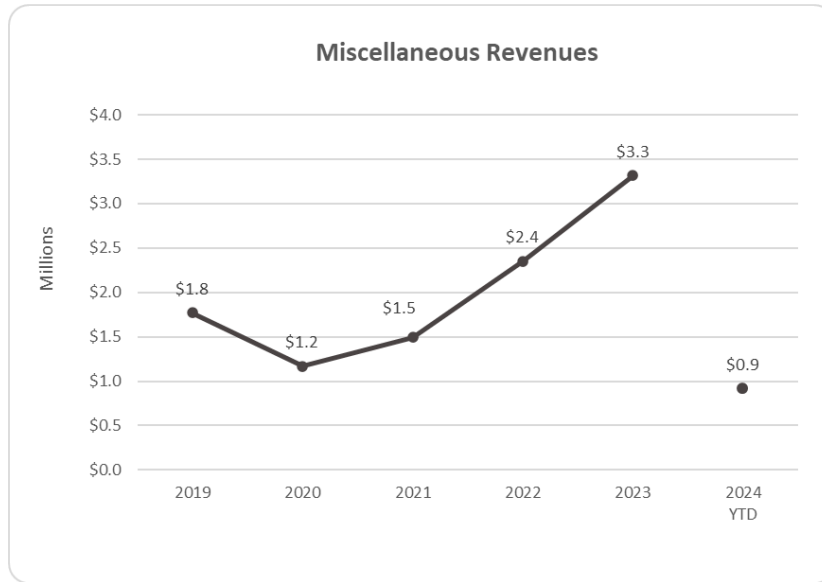
Miscellaneous Revenues consist of investment earnings, income from facility rentals, revenue collected for golf cart rentals at the Auburn Golf Course, contributions and donations, and other income including the quarterly purchasing card (P-card) rebate monies. A breakdown of the most significant miscellaneous revenue categories are listed in the table below.

Miscellaneous Revenues by Type Through March 2024							
Month	2023	2024	2024	2024 vs. 2023 Actual		2024 vs. Budget	
	YTD Actual	YTD Budget	YTD Actual	Amount	Percentage	Amount	Percentage
Interest & Investments	\$ 248,841	\$ 78,750	\$ 427,829	\$ 178,988	71.9 %	\$ 349,079	443.3 %
Rents & Leases	300,463	291,200	289,213	(11,251)	(3.7) %	(1,987)	(0.7) %
Contributions & Donations	434	3,312	2,352	1,918	441.9 %	(960)	(29.0) %
Other Miscellaneous Revenue	192,895	73,403	196,211	3,316	1.7 %	122,808	167.3 %
YTD Total	\$ 742,633	\$ 446,665	\$ 915,604	\$ 172,971	23.3 %	\$ 468,939	105.0 %

Revenues collected year-to-date 2024 in this category totaled \$915,600 and were \$469,000 or 105.0% favorable to budget. Of the favorable variance to budget, 78.8% was comprised of interest and investment collections, far exceeding budget expectations due to higher-than-expected interest rates and the timing of investment maturities. The City has multiple investments maturing during the second half of the year which will impact revenue collections during that timeframe also.

The “Other Miscellaneous Revenue” sub-category reported \$3,300 more than the same timeframe last year and was favorable to the year-to-date budget by \$123,000. This category includes \$137,700 in revenue related to a national opioid settlement distribution program.

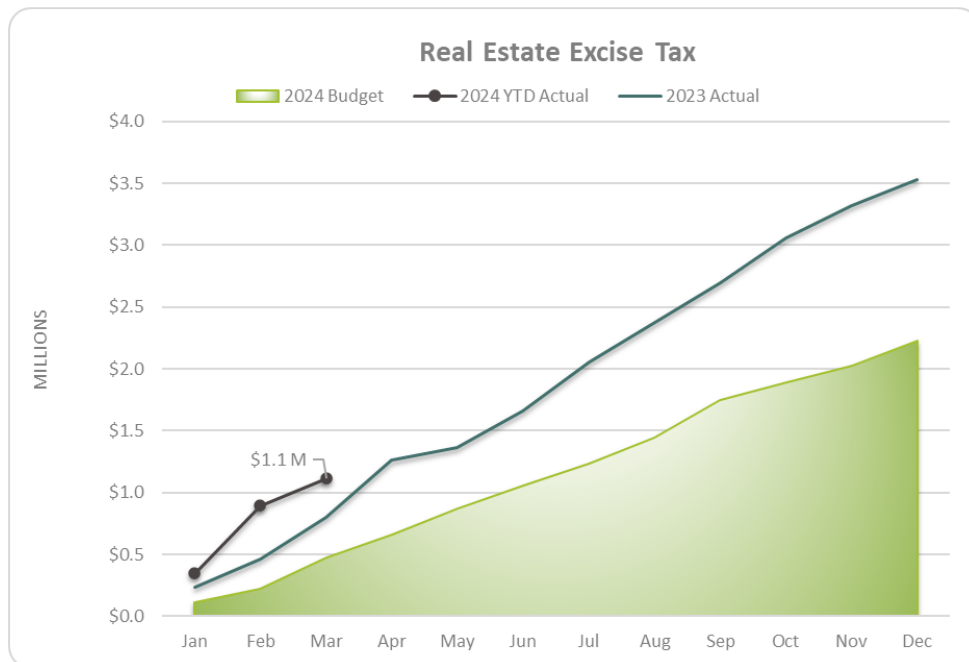
The rents and leases category includes payments for facility rentals, golf cart rentals, and restaurant lease at the golf course. Rents and leases were to par with year-to-date budget expectations, with facility revenues exceeding expectations by about \$70,000. Golf carts and other rentals were unfavorable to expectations, resulting in general alignment of budget to actual for the category.



OTHER FUNDS

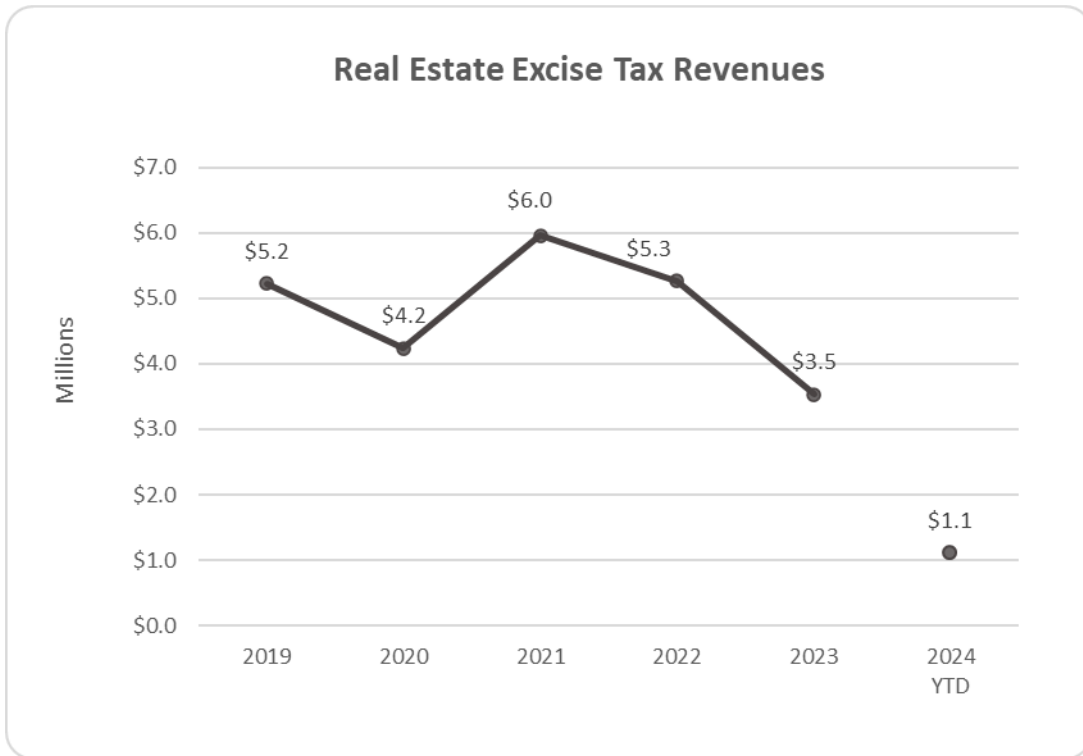
Real Estate Excise Tax (REET) revenues are taxes on the sale of both commercial properties and single-family residences. These collections are receipted into the Capital Improvement Projects Fund and used for governmental capital projects.

REET revenues collected year-to-date in 2024 total \$1.1 million which is \$632,000 or 56.8% favorable to budget expectations. According to King County assessed valuations of property taxes, the City has increased in property value by 2.3%. Accompanied with lower interest rates currently, the current climate for real estate sales are favorable for citizens within the State of Washington.



As shown in the table below, REET collections were higher in both January and February than their counterparts last year, while March experienced a decrease. In context, 2023 saw the lowest first-quarter collection of REET revenue since 2018. Lower REET collections in 2023 represent a cooling market after a period of increasing interest rates and historic inflation which saw revenue peak in 2021 and decline each year since.

Real Estate Excise Tax Revenues Through March 2024							
Month	2023 YTD Actual	2024 YTD Budget	2024 YTD Actual	2024 vs. 2023 Actual		2024 vs. Budget	
				Amount	Percentage	Amount	Percentage
1	\$ 231,316	\$ 118,562	\$ 346,387	\$ 115,071	49.7 %	\$ 227,826	65.8 %
2	229,810	146,777	549,438	319,628	139.1 %	402,660	73.3 %
3	335,109	214,549	215,927	(119,182)	(35.6) %	1,378	0.6 %
4	470,605	194,952					
5	100,896	163,802					
6	288,285	176,375					
7	396,981	197,738					
8	319,792	207,764					
9	326,357	258,962					
10	355,405	177,189					
11	264,919	162,145					
12	213,893	209,484					
YTD Total	\$ 796,235	\$ 479,888	\$ 1,111,752	\$ 315,517	39.6%	\$ 631,864	56.8%



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 all \$14.8 million in public safety expenditures, as shown in the table below and reported to the Department of the Treasury.

ARPA FUNDING STATUS	
Total ARPA Funding Received	14,751,231
ARPA Funding Used to Mitigate Public Safety Costs	14,751,231
ARPA Funding Remaining	-

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 March 31, 2024, the City has been able to spend \$166,661 year-to-date and \$4.6 million since 2021 on the following projects:

Title	Budget	2024		
		Q1 Spend	Lifetime Spend (includes this quarter)	Remaining
Completed Projects	1,630,000	-	1,853,949	-
Body Cameras	586,400	-	550,325	36,075
Vaccination Incentive Program	47,500	-	34,980	12,520
Neighborhood Street Light Program	500,000	12,220	91,821	408,179
Human Services Grants Includes Admin	1,000,000	-	441,041	558,959
Dykstra Foot Bridge	400,000	-	10,357	389,643
Minor Improvements to Qualifying Neighborhood Parks	100,000	29,158	99,332	668
Limited Term Employee (LTE): Grants Coordinator	420,000	-	118,729	301,271
Paving Gravel Roads	636,866	-	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	-	1,089	148,911
Emergency Housing Voucher Program	2,000,000	72,330	344,755	1,655,245
Encampment Cleanup	500,000	3,202	448,481	51,519
Downtown Sidewalk Replacement on Main Street and B Street Plaza Surface Replacement	1,343,266	13,593	59,360	1,283,906
Community Violence Intervention Programs (Drone, SPIDR Tech)	313,600	-	248,227	65,373
Arts Culture Center Renovations	100,000	-	-	100,000
Auburn Ave Theater Demolition	300,000	15,745	15,784	284,216
Signing Bonuses for Police Lateral Hires	200,000	10,881	153,294	46,706
Other Projects (not started)	3,980,000	-	-	3,974,704
Total:	14,751,231	166,661	4,555,350	10,195,935

The *Minor Improvements to Qualifying Neighborhood Parks* project will be able to make improvements to 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 \$99,332 on Forest Villa Tot Lot replacing the perimeter fencing and installing a new playground.

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 \$448,481 and cleaned up 320 tons of litter and debris.

Beginning in 2023, the *Emergency Housing Voucher Program* is budgeted at \$2 million over the life of the program. This program assists 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. Life-to-date project spend is \$344,755, with \$72,330 occurring in Q1-2024.

Beginning in 2024, *Auburn Avenue Theater Demolition* project is budgeted at \$300,000. The project will demolish the existing Auburn Avenue Theater building, provide support to the shared wall with the adjacent building, and disconnect existing utilities. The project design is complete, and the design team is finalizing the construction plans and other contract documents for the advertisement in June. Total project estimated costs are \$251,000 and total project cost through Q1-2024 totals \$15,784.

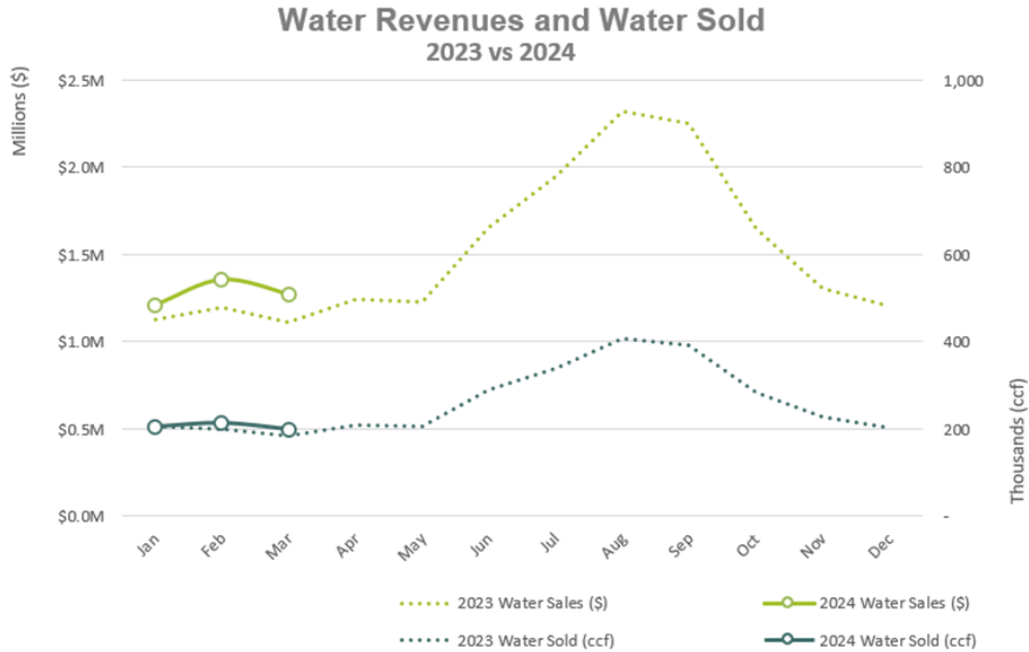
Enterprise Funds

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 provides project managers information on the availability of working capital for current and planned projects.

Through March 2024, the **Water Utility** had operating income of \$1.1 million (operating revenues less operating expenditures), approximately \$157,000 above the same period last year. A majority of this increase is due to higher revenues from water sales due to increased rates and consumption; charges for service revenues were \$3.9 million in Q1-2024 compared to \$3.5 million in Q1-2023. In addition to increased water sales, the fund also saw higher expenses in personnel costs (+\$15,000), supplies (+\$24,000) and other service charges, including utility taxes (+\$117,000).

Q1-2024 activity is consistent with the seasonality of this revenue stream, where revenues remain relatively low early in the year and then increase in Q2 and Q3 as the weather grows warmer. In total, operating income for this fund was \$588,000 favorable to budget projections. Operating revenues were \$288,000 higher than expected through Q1-2024, while operating expenditures had a \$300,000 favorable variance to budget, driven by lower than expected utility expenses during the quarter (-\$75,600), professional service charges (-\$56,200) and timing differences in monthly excise tax payments (-\$99,000).

Billable water consumption through Q1-2024 totaled 618,000 ccf (hundred cubic feet), approximately 28,000 ccf or 5.0% higher than consumption volume through Q1-2023. Consumption increased across every customer class except schools when compared to Q1-2023, with the largest increases by both volume and revenue amounts occurring in manufacturing, commercial, and single-family accounts.



Through Q1-2024, the **Sewer Utility** finished with operating income of \$1.2 million as compared to \$989,000 through the same period last year. Operating revenues were up \$190,000 or 7.8% from the same period last year due to stronger performance in charges for City sewer service and higher interest earnings. Interest earnings increased from \$127,000 through Q1-2023 to \$240,000 through Q1-2024.

Operating expenses increased slightly (+\$68,000) from the prior year, due primarily to increased personnel costs (+\$61,000), as well as other service charges, including utility tax expense (+\$13,000).

Through Q1-2024, this fund performed better than budget expectations with a \$548,000 favorable variance in operating revenues, both in charges for service (+\$318,000) and interest earnings (+\$229,000). Additionally, operating expenditures had a \$724,000 favorable variance compared to budget expectations, driven primarily by the elimination of utility tax charges on pass-through revenues for King County Metro Sewer service.

The **Stormwater Utility** had operating income of \$832,000 through Q1-2024 compared with \$920,000 in the same period last year. This is consistent with the historical activity of this fund; as most Stormwater service charges are based on a flat rate, there are not typically seasonal fluctuations in Stormwater revenue. Operating expenses for this fund were higher through Q1-2024 than through Q1-2023, driven by increased personnel costs (+\$109,000) and other service charges (+\$69,000).

This fund also outperformed budget expectations, with a \$636,000 favorable to budget variance in operating income, driven by higher than anticipated revenues (+\$428,000) and lower operating expenditures (-\$208,000) through Q1-2024.

The **Solid Waste Utility** finished Q1-2024 with operating income of \$5.0 million, which was the result of a timing difference between the City's monthly payments to its solid waste vendor and the collection of revenues for services performed during the first quarter. We expect a direct correlation between solid waste service charges and payments for service due to the contract with the City's solid waste provider; however, this timing difference in payments lowered operating expenses in Q1-2024 compared to the prior year.

Internal Service Funds

Operating expenditures within the **Insurance** Fund represent the premium cost pool that will be allocated monthly to other City funds over the course of 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.

City of Auburn 1st Quarter 2024 Financial Report

CITY COUNCIL STUDY SESSION

JUNE 24, 2024

General Fund Revenue Overview

Summary

- Collected 26% more revenue YTD compared to budget and 30% more than YTD last year
- Underspent the YTD budgeted expenditures by 3% and have spent 6% more compared to YTD last year

Revenue	2023 YTD Actual	2024 YTD Budget	2024 YTD Actual	Variance to Budget Favorable (Unfavorable)	%	Variance to 2023 Favorable (Unfavorable)	%
Property Tax	\$ 1,103,605	\$ 1,140,900	\$ 1,050,494	\$ (90,406)		\$ (53,111)	
Sales Tax	5,616,703	5,106,000	5,669,407	563,407		52,704	
Utility Tax	3,218,798	3,121,115	3,733,785	612,670		514,987	
B&O Tax*	1,688,685	1,757,436	3,101,343	1,343,907		1,412,658	
Other Tax	1,253,044	1,153,922	1,438,288	284,366		185,244	
Licenses and Permits	667,524	665,600	646,587	(19,013)		(20,937)	
Intergovernmental	1,486,422	1,303,854	1,927,291	623,437		440,869	
Charges for Services	2,339,418	2,376,169	2,548,349	172,180		208,931	
Other	936,900	710,019	2,014,717	1,304,698		1,077,817	
Transfers In	2,015,000	3,550,764	4,270,722	719,958		2,255,722	
Total Revenue	\$ 20,326,099	\$ 20,885,779	\$ 26,400,983	\$ 5,515,204	26%	\$ 6,074,884	30%
Total Expenditures	\$ 21,335,400	\$ 23,432,840	\$ 22,633,612	\$ 799,228	3%	\$ (1,298,212)	-6%

Tax Revenue

2024 budgeted taxes account for \$70.96 million, or 67% of the General Fund budget

Property Tax (34% of taxes)

- \$24.4 million 2024 budget
- Collected 100% at year-end

Retail Sales and Use Tax (29% of taxes)

- \$20.6 million 2024 budget
- **\$53,000 (1%) under** prior YTD actual
- **\$563,000 (11%) over** YTD budget

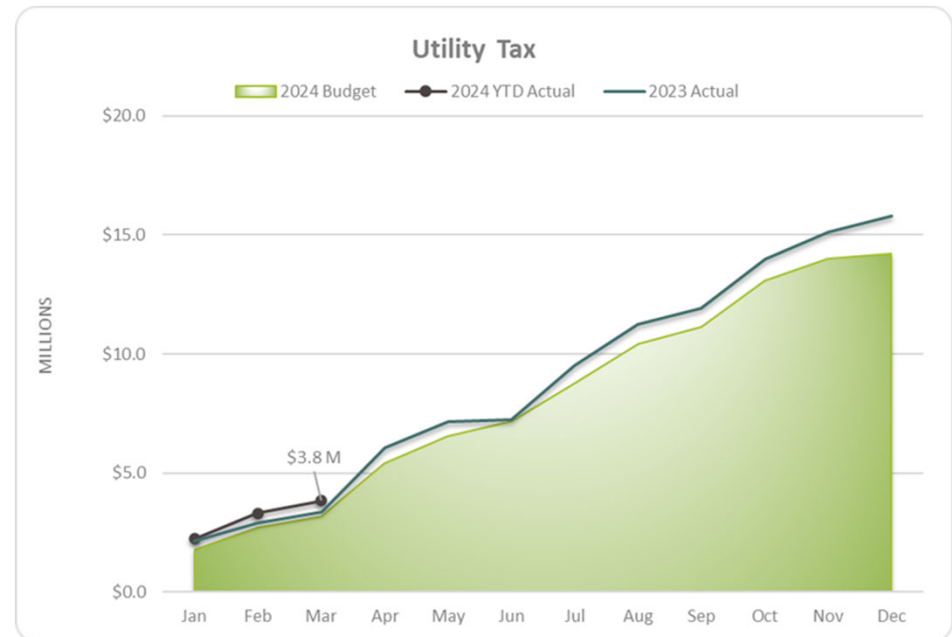
Tax Revenue

Comparison of Retail Sales Tax Collections by Group Through March 2024				
Component Group	2023 YTD Actual	2024 YTD Actual	Change from 2023	
			Amount	Percentage
Construction	\$ 677,484	\$ 643,986	\$ (33,497)	(4.9) %
Manufacturing	138,050	137,690	(361)	(0.3) %
Transportation & Warehousing	56,265	74,690	18,425	32.7 %
Wholesale Trade	396,540	405,833	9,293	2.3 %
Automotive	1,178,351	1,169,340	(9,011)	(0.8) %
Retail Trade	1,735,724	1,751,600	15,877	0.9 %
Services	1,373,134	1,397,566	24,432	1.8 %
Miscellaneous	61,156	88,702	27,546	45.0 %
YTD Total	\$ 5,616,703	\$ 5,669,407	\$ 52,704	0.9 %

Tax Revenue

Utility Tax (20% of taxes)

- \$14.1 million 2024 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)
- **\$613,000 (20%) over budget**
 - Higher than expected water, sewer, storm collections
- **\$515,000 (16%) over prior year**
 - Higher than expected water, sewer, storm collections



Tax Revenue

Business and Occupation Tax (B&O) (10% of total taxes)

- \$7.0 million 2024 budget
- \$3.1 million collected YTD
 - \$2.04 million in gross receipts tax (66%)
 - \$1.01 million in square foot tax (33%)
 - Includes Q4 2023 and some 2023 Annual Filings
- **\$1.3 million (76%)** over YTD budget

Other Taxes (7% of total taxes)

- \$4.7 million 2024 budget
- Criminal justice sales tax, admissions tax, gambling tax, leasehold excise tax, franchise fees
- **\$172k (7%) over** 2024 YTD budget
- **\$209k (9%) over** 2023 YTD collections
- Both variances are mostly due to higher sales tax collection and admission tax collection (delinquent taxes received)

Licenses and Permits

Accounts for 2% of the total General Fund Resources

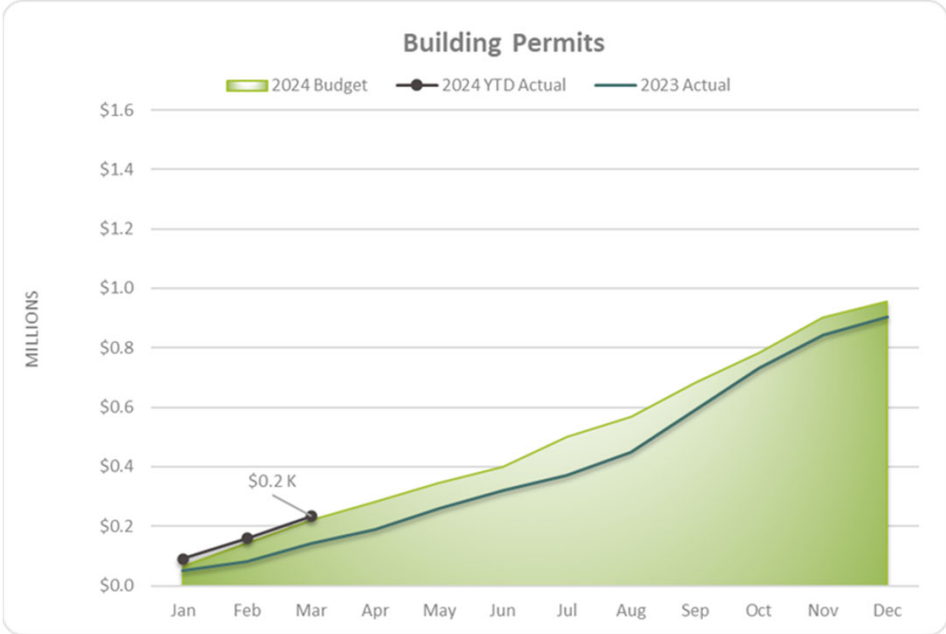
\$2.6 million budgeted in 2024

- Half of this (\$1.0 million building permit revenue)

\$19,000 (3%) under budget

\$21,000 (3%) under prior year

- Both variances are attributed to lower collections for various permit fees
- Building permit revenue is right on track with budget expectations



Intergovernmental

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

\$623,000 (48%) over 2024 YTD budget

- Timing of contribution payment from the MIT compact

\$441,000 (30%) over 2023 YTD collections

- Timing of contribution payment from the MIT compact

Charges for Services

General Government - **\$30,000 below** budget (2.6%)

- Timing of SKHHP Payments – Reimbursement basis

Public Safety - **\$5,000 above** budget (2%)

Development Services - **\$123,000 above** budget (44%)

- Greater than anticipated plan check fees, facility extension charges and zoning and subdivision fees

Culture and Recreation - **\$74,000 above** budget (11%)

- Green fees and pro shop sales are slightly higher than budget, but below prior year collections by 10%

General Fund Expenditures by Department

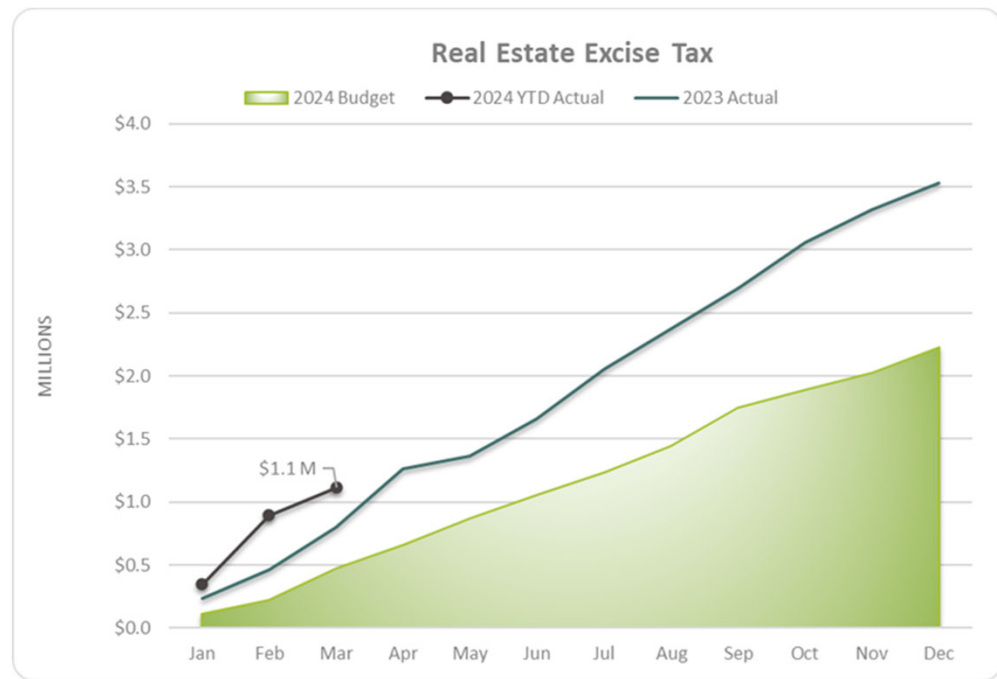
Department	2023 YTD	2024 YTD	2024 YTD	Budget vs Actual	
	Actual	Budget	Actual	\$	%
Council, Mayor, Admin	668,906	692,900	702,632	(9,732)	-1%
Diversity, Equity and Inclusion	82,631	188,100	175,123	12,977	7%
Municipal Court	252,957	239,686	265,572	(25,886)	-11%
Community Development	1,589,461	1,501,600	1,597,614	(96,014)	-6%
Human Services	437,099	774,900	567,118	207,782	27%
Public Works	1,035,836	1,078,500	1,244,139	(165,639)	-15%
Streets (M&O)	938,310	1,065,300	1,053,765	11,535	1%
Parks, Art, and Recreation	3,427,650	3,490,000	3,660,307	(170,307)	-5%
Police	8,495,621	9,303,700	8,679,621	624,079	7%
SCORE	1,173,547	1,425,000	1,216,494	208,506	15%
Internal Services (HR, Finance, Legal, Nondepartment)	3,197,381	3,373,154	3,471,228	(98,074)	-3%
Total	\$ 21,299,399	\$ 23,132,840	\$ 22,633,613	\$ 499,227	2%

ARPA Update

Title	Budget	2024		Lifetime Spend (includes this quarter)	Remaining
		Q1 Spend			
Completed Projects	1,630,000	-		1,853,949	-
Body Cameras	586,400	-		550,325	36,075
Vaccination Incentive Program	47,500	-		34,980	12,520
Neighborhood Street Light Program	500,000	12,220		91,821	408,179
Human Services Grants Includes Admin	1,000,000	-		441,041	558,959
Dykstra Foot Bridge	400,000	-		10,357	389,643
Minor Improvements to Qualifying Neighborhood Parks	100,000	29,158		99,332	668
Limited Term Employee (LTE): Grants Coordinator	420,000	-		118,729	301,271
Paving Gravel Roads	636,866	-		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	-		1,089	148,911
Emergency Housing Voucher Program	2,000,000	72,330		344,755	1,655,245
Encampment Cleanup	500,000	3,202		448,481	51,519
Downtown Sidewalk Replacement on Main Street and B Street Plaza Surface Replacement	1,343,266	13,593		59,360	1,283,906
Community Violence Intervention Programs (Drone, SPIDR Tech)	313,600	-		248,227	65,373
Arts Culture Center Renovations	100,000	-		-	100,000
Auburn Ave Theater Demolition	300,000	15,745		15,784	284,216
Signing Bonuses for Police Lateral Hires	200,000	10,881		153,294	46,706
Other Projects (not started)	3,980,000	-		-	3,974,704
Total:	14,751,231	166,661		4,555,350	10,195,935

Non-General Fund Highlights – Capital

Real Estate Excise Tax (REET)
YTD Collections: \$1.1 million
\$632,000 over prior year
\$315,000 over YTD budget



Questions
