

AGENDA BILL APPROVAL FORM

Agenda Subject:

3rd Quarter 2024 Financial Report (Thomas) (20 Minutes)

Meeting Date:

December 9, 2024

Department:

Finance

Attachments:

Financial Report through
September 2024, Monthly Sales
Tax Report - SEPT 2024, YTD
Permit Fee Analysis, 2024 Q3
Financial Update

Budget Impact:**Administrative Recommendation:**

For discussion only.

Background for Motion:**Background Summary:**

The Financial Report summarizes the general state of Citywide financial affairs and highlights significant items or trends that the City Council should be aware of. The attachment provides year-to-date financial activity through September 30, 2024, based on financial data available as of October 31, 2024.

Councilmember: Kate Baldwin

Staff: Jamie Thomas

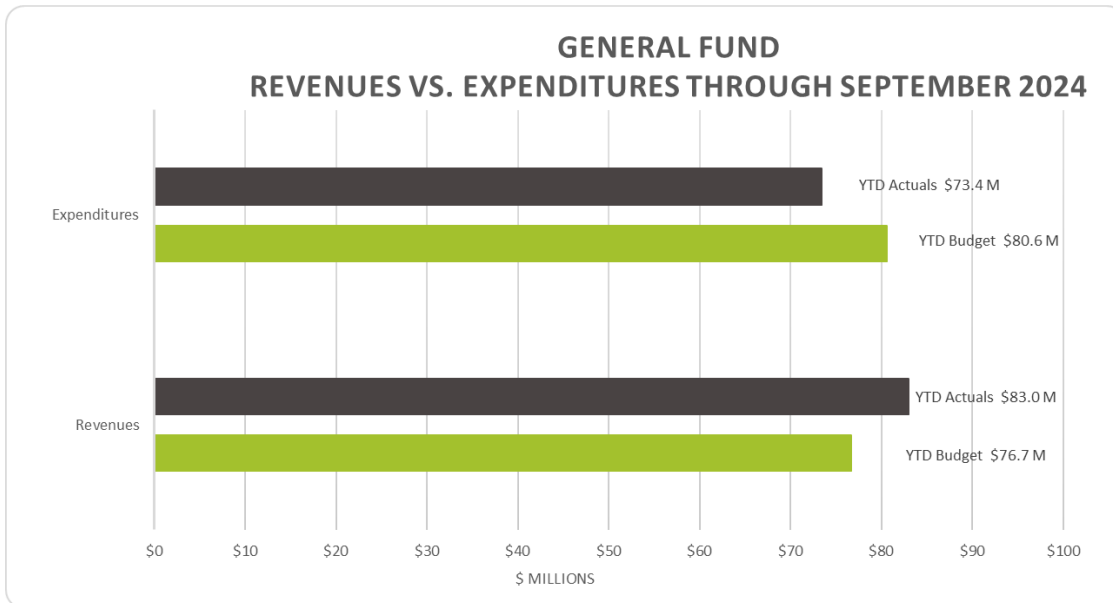
This report provides an overview of the City’s overall cash-basis financial position for the fiscal period ending September 30, 2024, reflecting data available as of October 31, 2024. References to budget, actual and prior year amounts reflect year-to-date numbers, unless otherwise stated. Year-to-date 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 in the final steps 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 #6945 in August 2024, the annual budget consists of \$108.1 million in revenues and \$113.6 million in expenditures - a planned decrease in General Fund balance of \$5.5 million.

Through the third quarter of 2024, the General Fund outperformed revenue expectations. Comparing year-to-date 2024 revenues versus year-to-date 2023 revenues, the City collected \$4.8 million or 6.2% more. A large contributor to this outcome was Business and Occupation (B&O) tax revenue; through the third quarter the City collected \$8.9 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 in 2023, as payments related to prior periods decrease. The City also implemented a new photo enforcement program during the second half of 2023, which generated \$2.0 million of new revenue through the third quarter of 2024. Mitigating the increases in General Fund revenues, the City also saw expenditures increase from the same period last year by \$5.1 million or 7.4%. This is due to planned increases in overhead costs, professional services (citywide projects and improvements), and insurance premiums.

Overall, General Fund revenues collected through Q3-2024 totaled \$83.0 million as compared to the year-to-date budget of \$76.7 million, and were \$6.3 million, or **8.2% above** budget expectations. General Fund expenditures through Q3-2024 totaled \$73.4 million compared to the year-to-date budget of \$80.6 million; resulting in a \$7.2 million or **8.9% underspend**.



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

- Business and Occupation Tax: Revenues collected throughout Q3-2024 totaled \$8.9 million, exceeding the year-to-date budget by \$3.6 million. Some of this favorable variance is due to the collection of tax obligations incurred in prior years, which is not expected to continue at the same level in the future. **[page 8]**
- Fines and Penalties: Collections through the third quarter of 2024 were \$2.8 million in total and \$2.0 million favorable to budget. Higher than expected revenues from a new photo enforcement program implemented by the City during the second quarter of 2023 contributed \$1.5 million toward the favorable variance. Other non-court fines and penalties are \$399,000 favorable versus budget expectations, mainly due to interest and penalties on B&O tax collection. Criminal traffic and criminal costs had an unfavorable variance, slightly reducing the overall favorable variance. **[pages 18-19]**
- Retail Sales Tax: The sales tax report for distributions through September 2024 (provided as an attachment to this report) reflects amounts remitted to the City of Auburn based on sales between November 2023 and July 2024. Collections totaled \$17.1 million, which is generally on par from last year, driven by lower collections particularly in the construction and retail trade sectors. However, compared to the year-to-date budget, sales tax has a favorable variance of \$1.8 million or 11.6%. **[pages 6-8]**
- Interest and Investment Earnings: Throughout Q3-2024, interest and investment earnings have totaled \$1.7 million in collections and hold a \$1.4 million favorable variance to budget. This is largely due to current investments outperforming expectations throughout the year. Multiple investments mature during the remainder of the year, which may reduce the rate of collections to close out the year. **[pages 19-20]**
- Intergovernmental revenue: Q3-2024 revenues collected totaled \$5.9 million, which was \$1.1 million favorable to the year-to-date budget. The variance is mainly due to the timing of collections from the approved MIT compact request. The 2023 request is fully collected and 75% of the 2024 request have been collected. Furthermore, collections from state and interlocal grants covering prior-year projects have also contributed to the favorable variance. **[pages 14-15]**

Expenditures: Most departments operated within their year-to-date budgets through the third 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, the favorable variance to the year-to-date expense budget is \$7.2 million. Contributing to the favorable variance was a savings in salaries and benefits expenses of roughly \$2.7 million; as of the compilation of this report, there were 25 vacant regular full-time positions in the City. Conversely, services and charges were above budget expectations through the third quarter by roughly \$2.9 million. 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 Q3-2024, interest earnings for the City's enterprise funds were \$2.4 million, a \$396,000 increase from Q3-2023.

The **Water Utility Fund** ended Q3-2024 with operating income of \$5.5 million, an increase of \$183,000 compared to the same period last year. This variance is due primarily to increased water sales (+\$467,000) and interest earnings (+\$61,000), offset by an increase of \$336,000 in operating expenditures. Operating revenues through Q3-2024 were higher than expected compared to our budget projections (+\$1.1 million), which was driven in part by interest earnings (+\$502,000 over budget expectations). Operating expenditures were lower than budget expectations (-\$960,000) due to lower than anticipated personnel costs and external utility costs, as well as timing differences for anticipated professional services contracts. **[pages 24-25]**

The **Sewer Utility Fund** ended Q3-2024 with operating income approximately \$407,000 higher than Q3-2023, at \$3.6 million. Drivers of this change include increased service charges (+\$431,000) and interest earnings (+\$272,000), offset by increases in operating expenditures (+\$296,000), compared to the prior year. In total, operating revenues for this fund were \$3.8 million higher compared to our budget projections, due to favorable variances in both operating revenues (+\$1.6 million) and operating expenses (-\$2.2 million). **[page 25]**

The **Stormwater Utility Fund** ended Q3-2024 with operating income of \$2.3 million, which is 0.3% (+\$7,600) higher than operating income through Q3-2023. Operating revenues increased \$471,000 compared to the prior year, due to an increase in charges for storm service (+\$597,000) and decreases in interest earnings (-\$81,000) and other miscellaneous revenue sources (-\$45,000). Operating expenditures in this fund also increased compared to the prior year (+464,000), due mainly to increased personnel costs as well and utility tax expense. This fund outperformed operating revenue budget projections by \$1.5 million through Q3-2024, with favorable variances to budget in operating revenues (+\$1.4 million) and operating expenses (-\$142,000). **[page 25-26]**

The **Solid Waste Utility Fund** ended Q3-2024 with operating income of \$346,000, a \$379,000 decrease compared to the same period last year. Operating revenues increased \$1.6 million from Q3-2023 to Q3-2024, due primarily to an increase in 2024 solid waste rates adopted in November 2023 (Ordinance #6920). Year-to-date operating expenditures increased \$2.0 million compared to the prior year, driven primarily by timing differences. It is expected that increases to charges for service in this fund will have corresponding increases in payments to the City's solid waste vendor. **[page 26]**

Internal Service Funds Overview

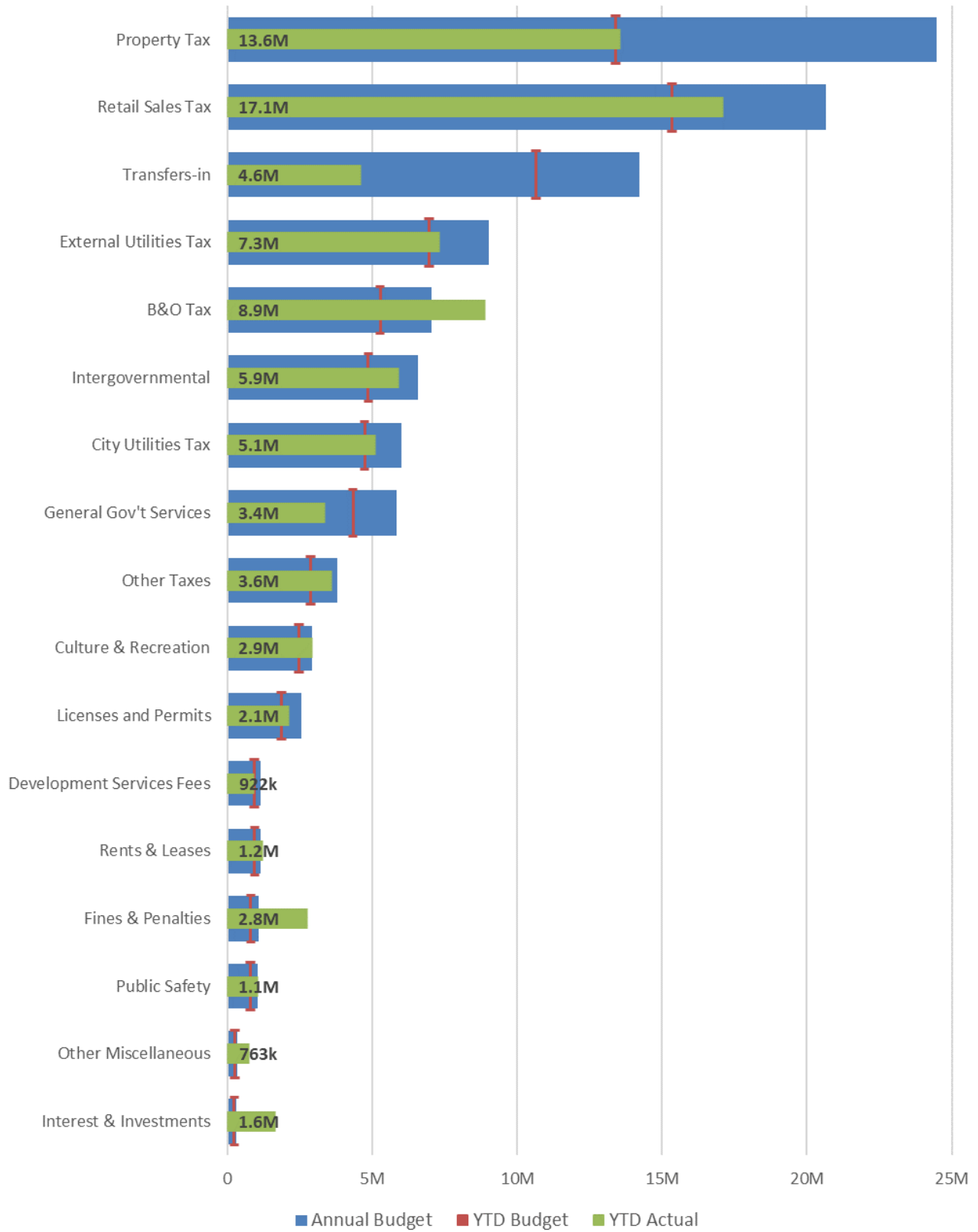
Internal service funds provide services to other City departments and include functions such as Insurance, Worker's Compensation, Facilities, Innovation & Technology, and Equipment Rental. No significant variances were reported in these funds during Q3-2024. **[page 26]**

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	\$ 13,396,400	\$ 13,569,223	\$ 172,823	1.3 %	\$ 13,312,970	\$ 256,253	1.9 %
Retail Sales Tax	20,649,700	15,337,500	17,118,816	1,781,316	11.6 %	17,105,897	12,918	0.1 %
Affordable Housing Sales Tax Credit	177,587	118,800	99,332	(19,468)	(16.4) %	100,399	(1,066)	(1.1) %
Sales Tax - Pierce County Parks	130,000	96,800	100,615	3,815	3.9 %	99,283	1,332	1.3 %
Criminal Justice Sales Tax	2,478,000	1,823,400	2,271,546	448,146	24.6 %	2,327,079	(55,532)	(2.4) %
Brokered Natural Gas Tax	150,000	121,400	200,182	78,782	64.9 %	267,471	(67,289)	(25.2) %
City Utilities Tax	5,989,667	4,737,000	5,104,647	367,647	7.8 %	4,709,841	394,807	8.4 %
Business & Occupation Tax	7,029,750	5,272,313	8,902,069	3,629,757	68.8 %	8,521,897	380,173	4.5 %
Admissions Tax	312,445	252,400	542,809	290,409	115.1 %	284,076	258,733	91.1 %
Electric Tax	4,426,743	3,517,200	3,569,944	52,744	1.5 %	3,380,170	189,774	5.6 %
Natural Gas Tax	1,658,523	1,304,000	1,124,464	(179,536)	(13.8) %	1,297,025	(172,561)	(13.3) %
Cable Franchise Fee	880,889	660,667	575,593	(85,074)	(12.9) %	650,579	(74,986)	(11.5) %
Cable Utility Tax	931,981	698,986	610,963	(88,023)	(12.6) %	692,837	(81,874)	(11.8) %
Cable Franchise Fee - Capital	51,539	38,654	29,819	(8,835)	(22.9) %	38,693	(8,874)	(22.9) %
Telephone Tax	435,847	308,709	538,112	229,403	74.3 %	336,654	201,458	59.8 %
Solid Waste Tax (external)	621,973	432,858	892,508	459,649	106.2 %	1,136,453	(243,946)	(21.5) %
Leasehold Excise Tax	255,335	239,214	277,328	38,114	15.9 %	251,394	25,934	10.3 %
Gambling Excise Tax	295,300	215,272	126,426	(88,846)	(41.3) %	243,746	(117,320)	(48.1) %
Taxes sub-total	\$ 70,961,665	\$ 48,571,572	\$ 55,654,396	\$ 7,082,824	14.6 %	\$ 54,756,463	\$ 897,933	1.6 %
Business License Fees	\$ 461,250	\$ 275,000	\$ 429,014	\$ 154,014	56.0 %	\$ 413,537	\$ 15,478	3.7 %
Building Permits	956,698	684,400	655,765	(28,635)	(4.2) %	590,532	65,234	11.0 %
Other Licenses & Permits	1,150,950	901,600	1,047,320	145,720	16.2 %	1,052,048	(4,728)	(0.4) %
Intergovernmental (Grants, etc.)	6,561,349	4,863,963	5,914,344	1,050,381	21.6 %	4,494,687	1,419,657	31.6 %
Charges for Services:								
General Government Services	5,824,577	4,339,666	3,378,097	(961,569)	(22.2) %	3,346,174	31,923	1.0 %
Public Safety	1,057,000	792,750	1,072,059	279,309	35.2 %	773,804	298,255	38.5 %
Development Services Fees	1,158,080	922,300	921,591	(709)	(0.1) %	832,887	88,704	10.7 %
Culture and Recreation	2,915,485	2,467,946	2,933,340	465,394	18.9 %	2,740,415	192,925	7.0 %
Fines and Penalties	1,071,819	802,300	2,765,694	1,963,395	244.7 %	1,379,994	1,385,700	100.4 %
Fees/Charges/Fines sub-total	\$ 21,157,208	\$ 16,049,924	\$ 19,117,225	\$ 3,067,301	19.1 %	\$ 15,624,078	\$ 3,493,147	22.4 %
Interest and Investment Earnings	\$ 315,000	\$ 236,250	\$ 1,648,748	\$ 1,412,498	597.9 %	\$ 891,832	\$ 756,916	84.9 %
Rents and Leases	1,142,948	940,900	1,214,999	274,099	29.1 %	1,029,401	185,597	18.0 %
Contributions and Donations	42,000	33,202	18,889	(14,313)	(43.1) %	25,421	(6,533)	(25.7) %
Other Miscellaneous	258,000	208,213	701,042	492,829	236.7 %	371,846	329,196	88.5 %
Transfers In	14,203,054	10,652,291	4,619,961	(6,032,330)	(56.6) %	5,232,897	(612,936)	(11.7) %
Insurance Recoveries - Capital & Operating	25,000	18,750	42,688	23,938	127.7 %	246,312	(203,624)	(82.7) %
Other Revenues sub-total	\$ 15,986,002	\$ 12,089,605	\$ 8,246,326	\$ (3,843,279)	(31.8) %	\$ 7,797,709	\$ 448,617	5.8 %
Total Operating Revenues	\$ 108,104,875	\$ 76,711,101	\$ 83,017,947	\$ 6,306,846	8.2 %	\$ 78,178,250	\$ 4,839,697	6.2 %
Operating Expenditures								
Council & Mayor	\$ 1,459,725	\$ 1,135,699	\$ 1,102,523	\$ 33,176	2.9 %	\$ 1,081,025	\$ 21,499	2.0 %
Administration	1,325,280	976,429	979,165	(2,736)	(0.3) %	930,314	48,850	5.3 %
Human Resources	2,539,839	1,862,903	1,933,821	(70,918)	(3.8) %	1,732,277	201,544	11.6 %
Municipal Court & Probation	3,040,544	2,800,858	2,959,756	(158,898)	(5.7) %	2,224,184	735,572	33.1 %
Finance	5,763,940	4,288,435	3,646,091	642,344	15.0 %	3,461,109	184,982	5.3 %
City Attorney	4,663,393	3,407,634	3,672,045	(264,411)	(7.8) %	4,433,389	(761,343)	(17.2) %
Community Development	10,115,524	6,822,115	4,921,097	1,901,018	27.9 %	5,631,503	(710,406)	(12.6) %
Human Services	4,031,582	3,029,092	2,093,243	935,848	30.9 %	-	2,093,243	N/A %
Office of Equity	950,808	714,837	668,302	46,535	6.5 %	344,016	324,285	94.3 %
Jail - SCORE	5,700,000	4,275,000	3,243,984	1,031,016	24.1 %	3,865,469	(621,485)	(16.1) %
Police	37,800,886	28,274,399	25,896,698	2,377,701	8.4 %	24,902,106	994,592	4.0 %
Public Works	4,973,495	3,701,149	3,900,217	(199,069)	(5.4) %	3,302,992	597,225	18.1 %
Parks, Arts & Recreation	16,518,129	12,396,447	12,465,695	(69,248)	(0.6) %	11,699,114	766,581	6.6 %
Streets	4,839,339	3,523,154	3,370,654	152,500	4.3 %	3,015,496	355,158	11.8 %
Non-Departmental	9,897,960	3,421,724	2,580,051	841,672	24.6 %	1,721,162	858,890	49.9 %
Total Operating Expenditures	\$ 113,620,444	\$ 80,629,874	\$ 73,433,344	\$ 7,196,530	8.9 %	\$ 68,344,155	\$ 5,089,189	7.4 %

General Fund Revenues Budget Vs Actual



Revenue

Tax revenues, including property, sales/use, utility, business & occupation, gambling, and admissions taxes provides over 65% 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 15% 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.

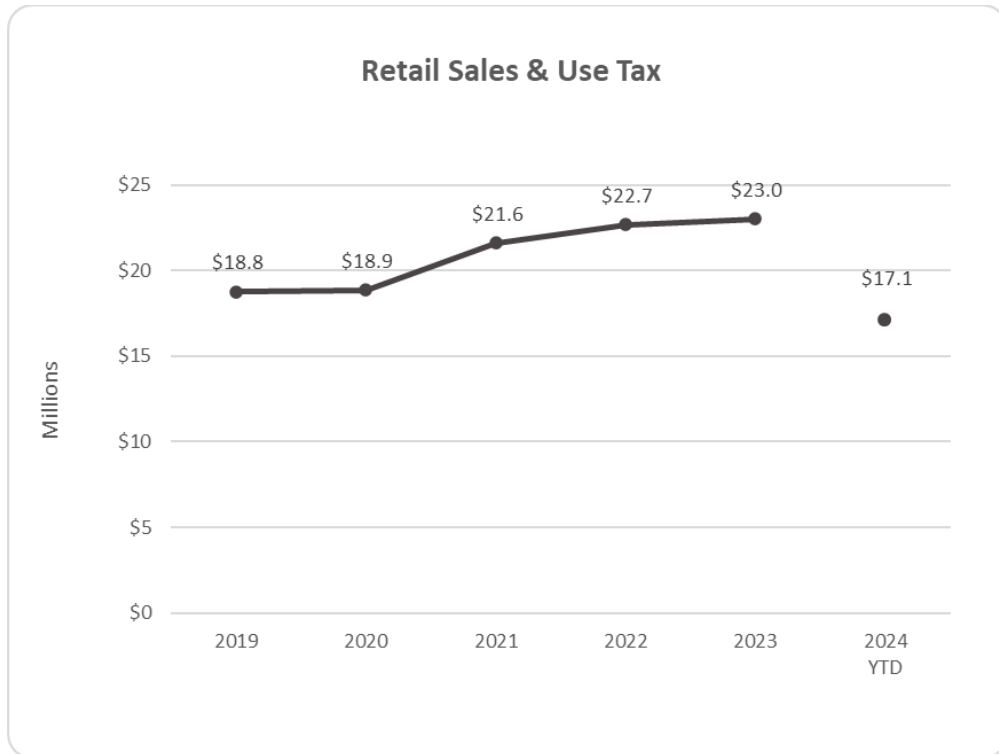
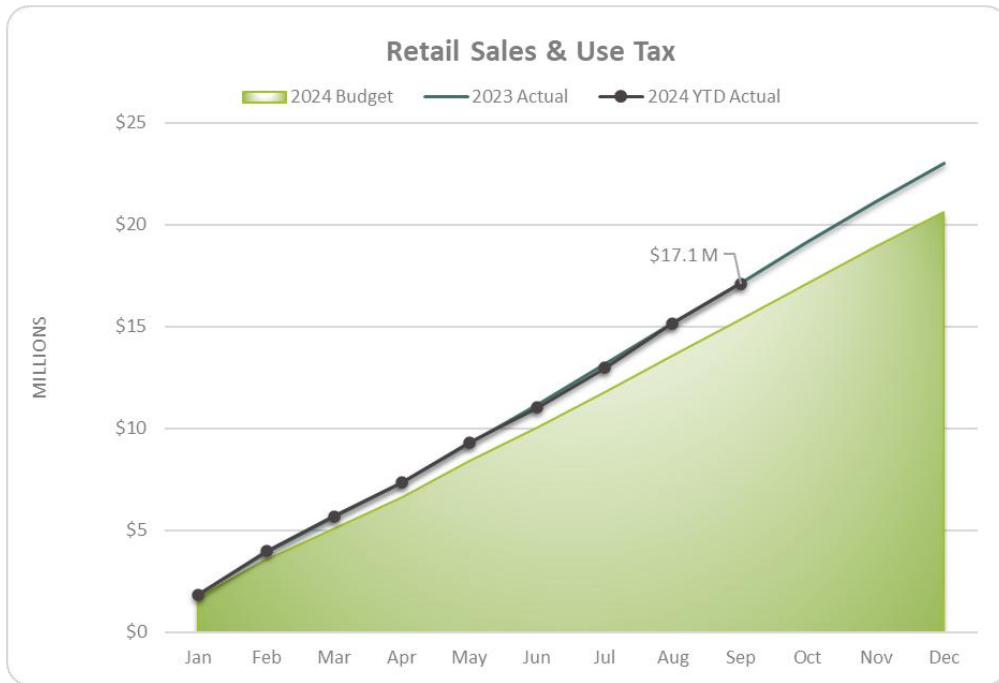
Property Tax collections through the third quarter totaled roughly \$13.6 million, approximately \$173,000 or 1.3% above budget projections. However, as depicted in the graphic below, the majority of property taxes are collected during the months of April and October, coinciding with the due dates for county property tax billings.



Retail Sales Tax collections through Q3-2024 totaled \$17.1 million, representing taxes remitted to the City of Auburn based on sales from November 2023 through July 2024. Overall, these revenues increased slightly by \$13,000, or 0.1%, from Q3-2023 collections due to lower performances in the construction (-\$223,074), retail (-\$49,886), and manufacturing (-\$38,831) industries. Offsetting the slight decreases, increases in the services (+\$247,277) and transportation (+\$72,434) industries helped mitigate the year-to-date decrease from prior year totals. In comparison to the year-to-date budget, these revenues are favorable by nearly \$1.8 million or 11.6% through the third quarter. Historically, the City collects more sales tax revenues during the second half of the year, mainly due to the upcoming holiday seasons.

The City set a retail sales tax budget of \$20.6 million for the fiscal year of 2024; based on year-to-date performance, 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. By comparison, the City budgeted conservative annual growth of sales tax revenues of 1.5%. The City has seen consistent growth in recent years, but the rate of growth is volatile and has generally been in decline since 2019.

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

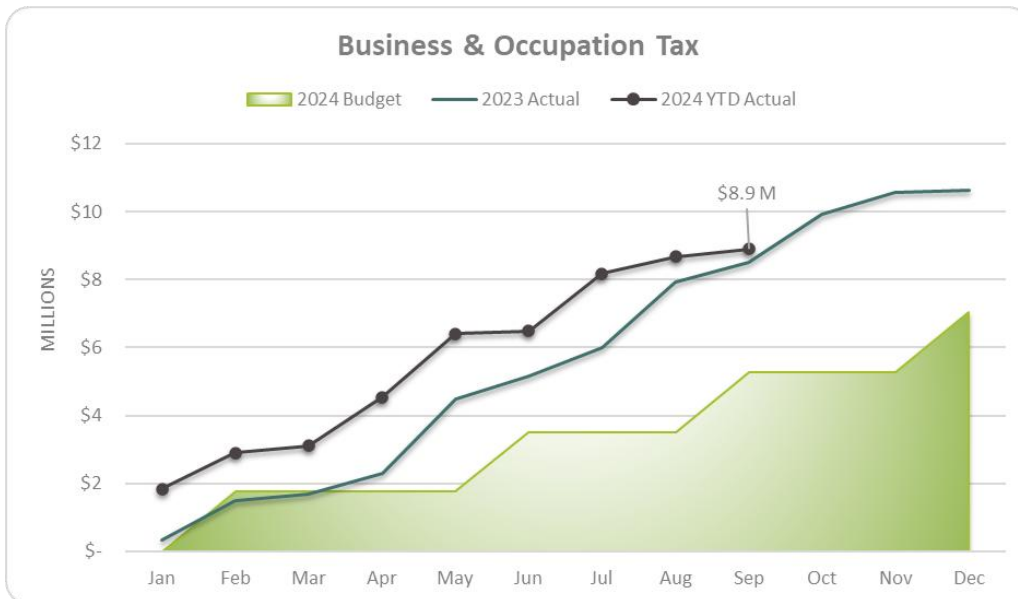


The following table breaks out the City’s retail sales taxes by major business sector.

Comparison of Retail Sales Tax Collections by Group Through September 2024				
Component Group	2023 YTD Actual	2024 YTD Actual	Change from 2023	
			Amount	Percentage
Construction	\$ 2,164,791	\$ 1,941,716	\$ (223,074)	(10.3) %
Manufacturing	407,396	368,565	(38,831)	(9.5) %
Transportation & Warehousing	169,788	242,222	72,434	42.7 %
Wholesale Trade	1,241,726	1,217,938	(23,788)	(1.9) %
Automotive	3,703,016	3,716,556	13,540	0.4 %
Retail Trade	4,946,384	4,896,498	(49,886)	(1.0) %
Services	4,193,701	4,440,978	247,277	5.9 %
Miscellaneous	279,142	294,342	15,200	5.4 %
YTD Total	\$ 17,105,944	\$ 17,118,815	\$ 12,872	0.1 %

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 received on a quarterly basis.

By reconciling against the State’s Business Licensing System, the City has been able to identify taxes collectable from prior periods, significantly contributing to the performance of this revenue. Overall collection through the third quarter of the year totaled \$8.9 million versus a year-to-date budget of \$5.3 million. Current 2024 collections outpace 2023 collections through the same period by \$380,000 (4.5%), although recovery of back taxes is anticipated to decrease over time.



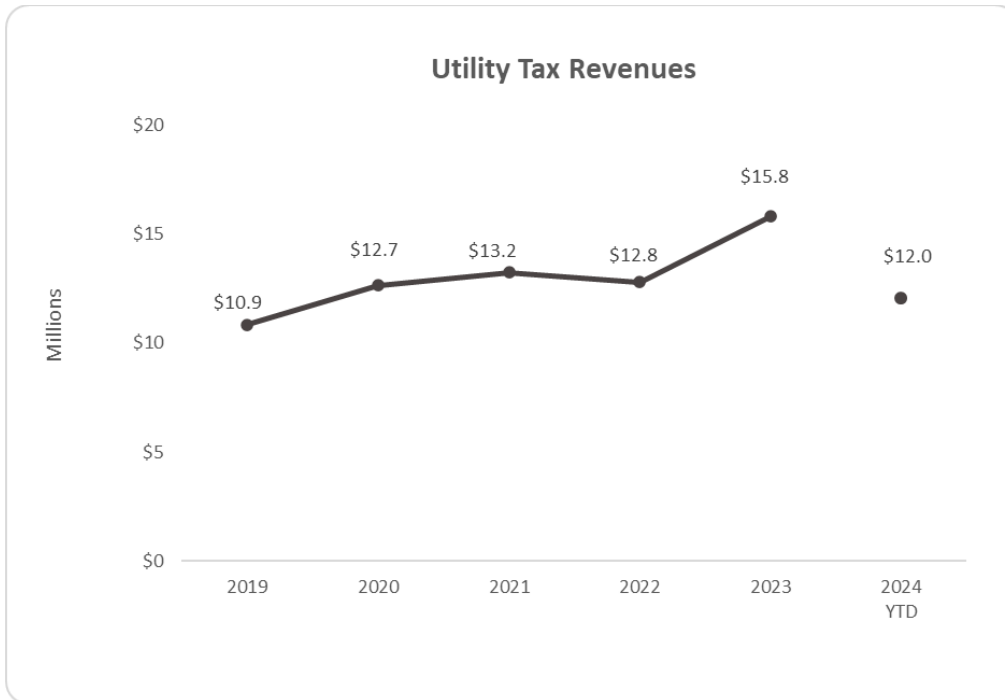
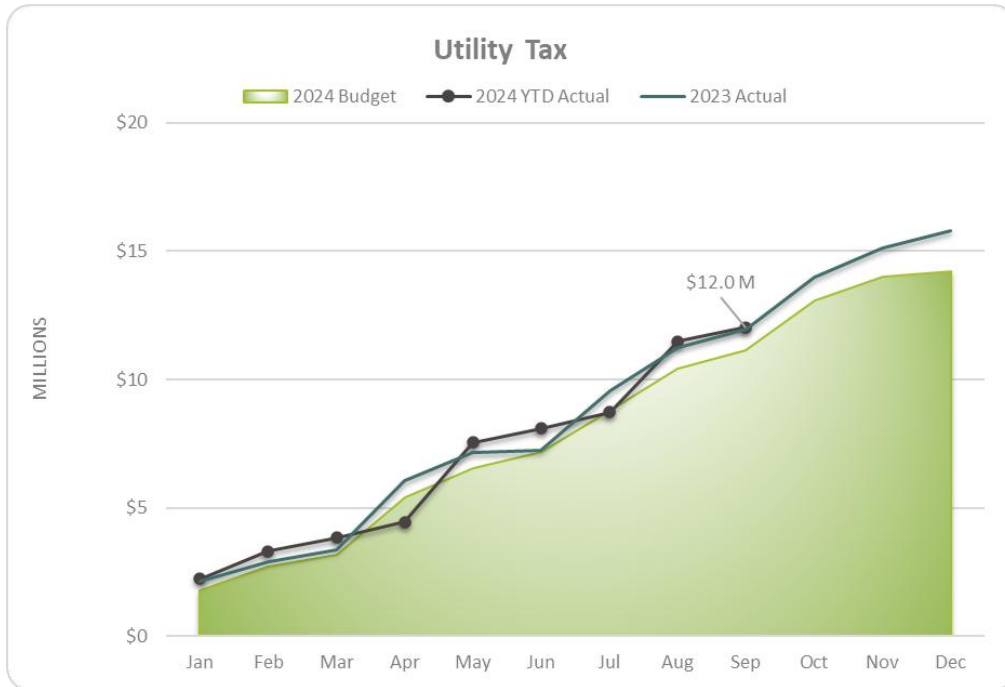
Utility Taxes consist of an 11.5% tax on the gross revenues of water, sewer, storm drainage and solid waste utilities and a 6.0% tax on electric, natural gas, and telephone utilities operating within the City. Of those utilities taxed at 11.5%, the General Fund receives 9.0% while the remaining 2.5% 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 \$220,400 or 1.9% from Q3-2023 and are \$920,700 favorable to budget. Roughly 72% of the utility taxes collected by the City are represented by the city interfund utility taxes and electric utility taxes. These two revenue sources accounted for \$8.7 million of the collected \$12.0 million throughout the third quarter of 2024.

Furthermore, telephone taxes have increased from Q3-2023 by \$201,500, which was mainly due to the timing of collections from prior year activity. Telephone taxes are collected in arrears on a quarterly basis, which causes the timing variance from prior year and quarters. Currently, the largest portion of the overall favorable variance to budget occurs within the external utility taxes 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, since the collection of backdated taxes are assumed as a one-time collection and should not expect back taxes to contribute a material amount in the future.

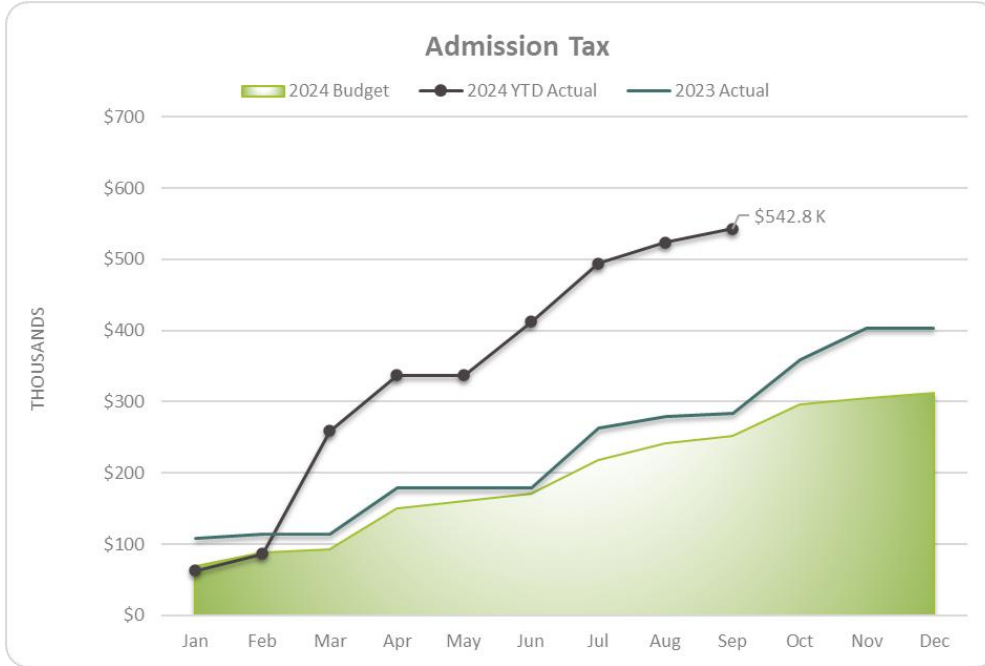
The table and graphics below demonstrate the various utility tax revenues and show actual revenues compared to budget. Note that these amounts represent only the General Fund portion of revenues, and do not contain those revenues allocated for funding City streets projects.

Utility Tax by Type (General Fund Portion) Through September 2024								
Revenue	2024			Favorable (Unfavorable)		2023	2024 YTD Actual vs. 2023 Actual	
	Annual Budget	YTD Budget	YTD Actual	Amount	Percentage	YTD Actual	Amount	Percentage
City Interfund Utility Taxes	\$ 5,989,667	\$ 4,737,000	\$ 5,104,647	\$ 367,647	7.8%	\$ 4,709,841	\$ 394,807	8.4%
Electric	4,426,743	3,517,200	3,569,944	52,744	1.5%	3,380,170	189,774	5.6%
Natural Gas	1,658,523	1,304,000	1,124,464	(179,536)	-13.8%	1,297,025	(172,561)	-13.3%
Telephone	435,847	308,709	538,112	229,403	74.3%	336,654	201,458	59.8%
External Utility Taxes	621,973	432,858	892,508	459,649	106.2%	1,136,453	(243,946)	-21.5%
Brokered Natural Gas	150,000	121,400	200,182	78,782	64.9%	267,471	(67,289)	-25.2%
Cable	931,981	698,986	610,963	(88,023)	-12.6%	692,837	(81,874)	-11.8%
Total	\$ 14,214,734	\$ 11,120,153	\$ 12,040,820	\$ 920,667	8.3%	\$ 11,820,451	\$ 220,368	1.9%



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 \$543,000 collected through September 2024 were significantly higher (91.1%) than Q3-2023, and favorable variance to budget by \$290,400. 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 \$183,800.



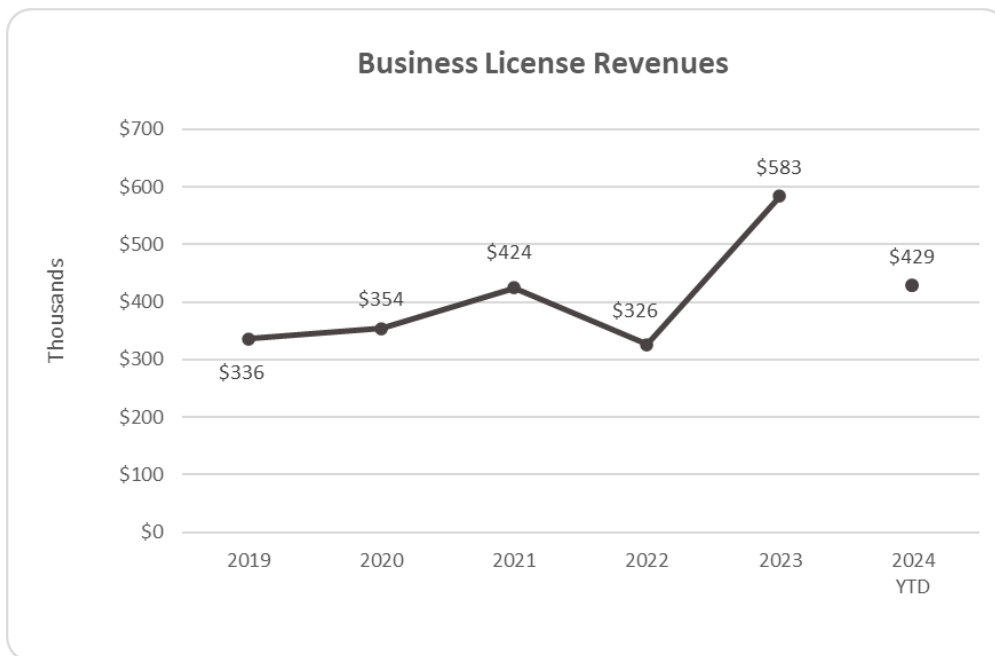
Gambling Tax applies to all card games, punch board games, pull tabs, bingo games, raffles and amusement games played within City limits. The majority of gambling tax revenues are collected from amusement games (63.0%) and card games (21.6%). At \$126,400 through the third quarter, collections are \$117,300 lower than 2023 year-to-date totals and report a \$88,900, or 41.3%, unfavorable variance to budget. The primary driver for the unfavorable variance minimal collections for card games. The City believes this may not be mitigated by the end of the year due to the timing of collecting backdated taxes, resulting in potential higher collections in the beginning of 2025. Gambling tax revenues historically have high volatility both month-over-month and year-over-year: excluding 2021 (due to COVID-19 restrictions), recent revenues through three quarters of the year average about \$223,000 but have been as high as \$313,800 (2018) and as low as \$75,000 (2020). Lower performance in gambling taxes combined with lower retail sales tax collections potentially indicates a decrease in disposable cash in the area.



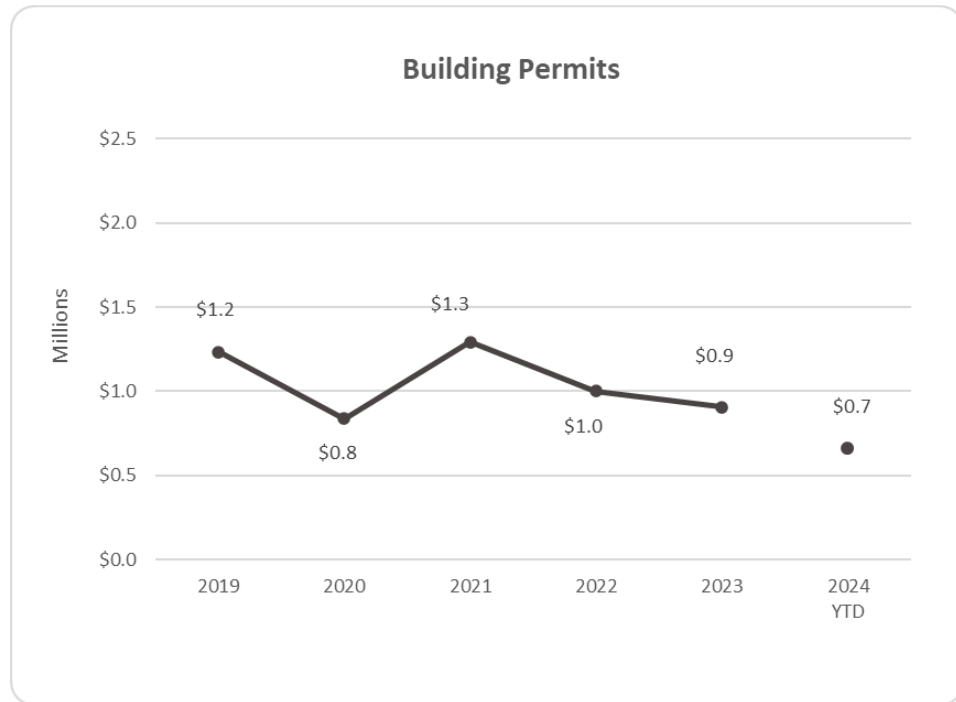
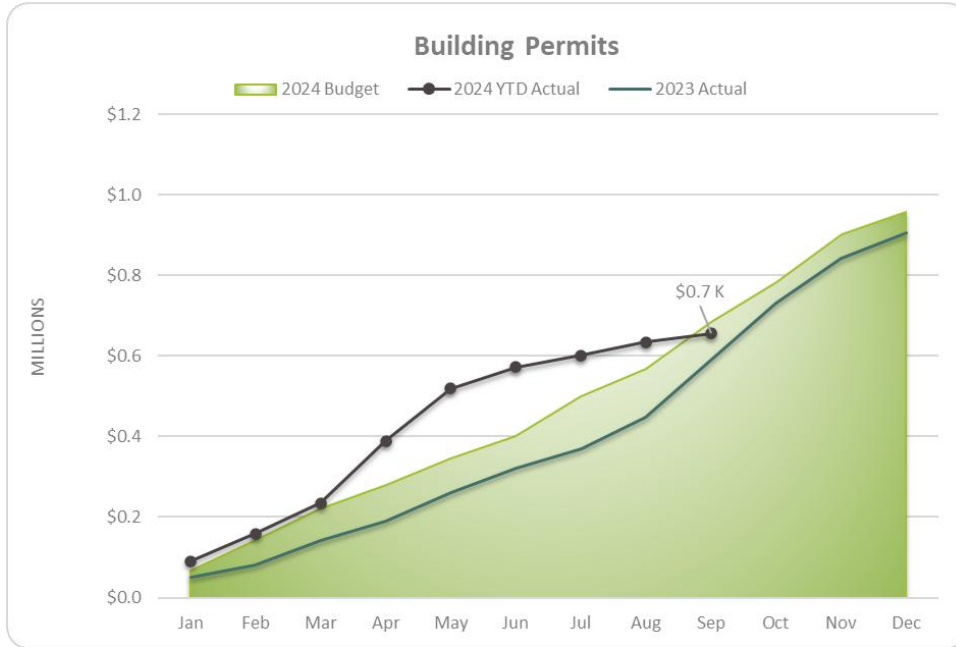
Licenses and Permits include business licenses, building permits, plumbing, electric and other licenses and permit fees. Building permit fees (approximately 60%) and business licenses (approximately 15%) typically comprise most of the budgeted revenue in this category.

The annual **Business License** renewal fee for each business located within the City is \$103, with the renewal cycle for each business beginning on the date the business was originally granted a license. Until September 2022 businesses had been on a calendar year renewal cycle, with most revenue being collected in November and December.

The updated renewal cycle has smoothed revenue collection throughout the year, which can be seen in the chart below as a relatively linear progression of year-to-date collections totaling \$429,000 compared to \$413,500 in Q3-2023, a 3.7% increase. 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 due to use of the State’s Business Licensing System and a revamped collection schedule of these revenues.

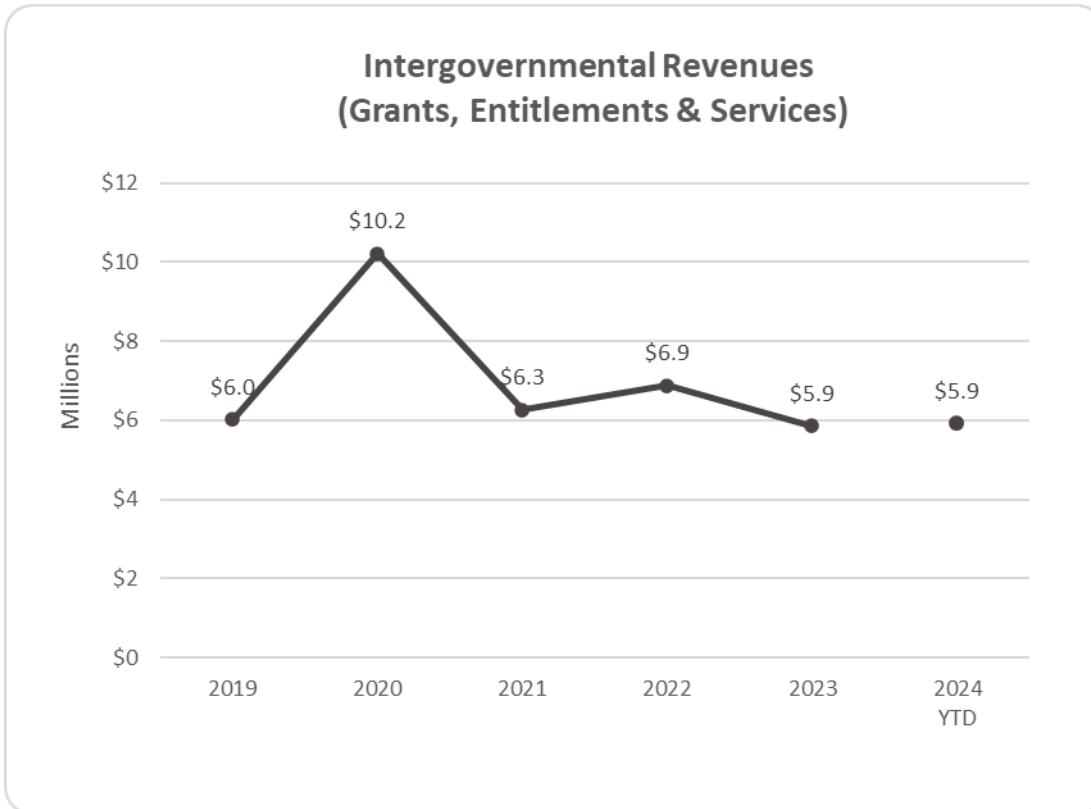


Building Permit revenues collected through September 2024 totaled \$655,800. Building permits are approximately \$65,250 higher than 2023 collections year-to-date, although there is an unfavorable variance against the budget of \$28,600 (-4.2%). A large contributing factor for this favorable variance versus 2023 totals is the increased valuation of construction permits on mixed use and subdivision builds. The number of permits submitted through the third quarter have also increased by 17.4% over the same period last year, representing an increased workload of construction throughout the City. This increase is mainly from one large project within City limits.



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 Q3-2024 totaled \$5.9 million and were \$1.4 million favorable to budget expectations. Much of this favorable variance is due to the collection of the approved 2024 Muckleshoot Casino compact request. The City received the final payment of the 2023 request in the beginning of the year and have since collected roughly 75% of the 2024 request. The current trend of the payments received from Muckleshoot Casino indicates we should expect the final 2024 payment to be made in the beginning of 2025. Furthermore, federal and interlocal grant reimbursements for projects like the police body-worn camera program have also contributed to the favorable variance.

Intergovernmental Revenues (Grants, Entitlements & Services) Through September 2024								
Revenue	2024			Favorable (Unfavorable)		2023	2024 YTD Actual vs. 2023 Actual	
	Annual Budget	YTD Budget	YTD Actual	Amount	Percentage	YTD Actual	Amount	Percentage
Federal Grants	\$ 107,000	\$ 53,500	\$ 82,994	\$ 29,494	55.1%	\$ 478	\$ 82,516	17262.8%
State Grants	714,386	641,600	574,700	(66,900)	-10.4%	236,620	338,080	142.9%
Interlocal Grants	381,861	109,300	347,600	238,300	218.0%	112,853	234,747	208.0%
Muckleshoot Casino Services	1,712,643	1,284,482	2,187,210	902,727	70.3%	1,115,913	1,071,296	96.0%
State Shared Revenues:								
Streamlined Sales Tax	575,982	431,987	448,071	16,084	3.7%	560,089	(112,018)	-20.0%
Motor Vehicle Fuel Tax	1,179,887	917,800	811,840	(105,960)	-11.5%	852,054	(40,214)	-4.7%
Criminal Justice - High Crime	289,096	216,822	216,565	(257)	-0.1%	213,279	3,286	1.5%
Criminal Justice - Population	20,650	15,300	25,168	9,868	64.5%	23,806	1,362	5.7%
Criminal Justice - Special Prog.	92,924	70,100	88,491	18,391	26.2%	102,007	(13,516)	-13.3%
Marijuana Excise Tax	175,522	131,642	170,881	39,239	29.8%	175,439	(4,558)	-2.6%
State DUI	12,390	9,293	6,740	(2,552)	-27.5%	3,179	3,561	112.0%
Fire Insurance Tax	91,000	91,000	-	(91,000)	-100.0%	114,235	(114,235)	-100.0%
Liquor Excise	495,593	356,827	451,204	94,377	26.4%	475,812	(24,607)	-5.2%
Liquor Profit	712,415	534,311	502,880	(31,431)	-5.9%	508,924	(6,044)	-1.2%
Total State Shared:	3,645,459	2,775,081	2,721,841	(53,240)	-1.9%	3,028,823	(306,983)	-10.1%
YTD Total	\$ 6,561,349	\$ 4,863,963	\$ 5,914,344	\$ 1,050,381	21.6%	\$ 4,494,687	\$ 1,419,657	31.6%



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.

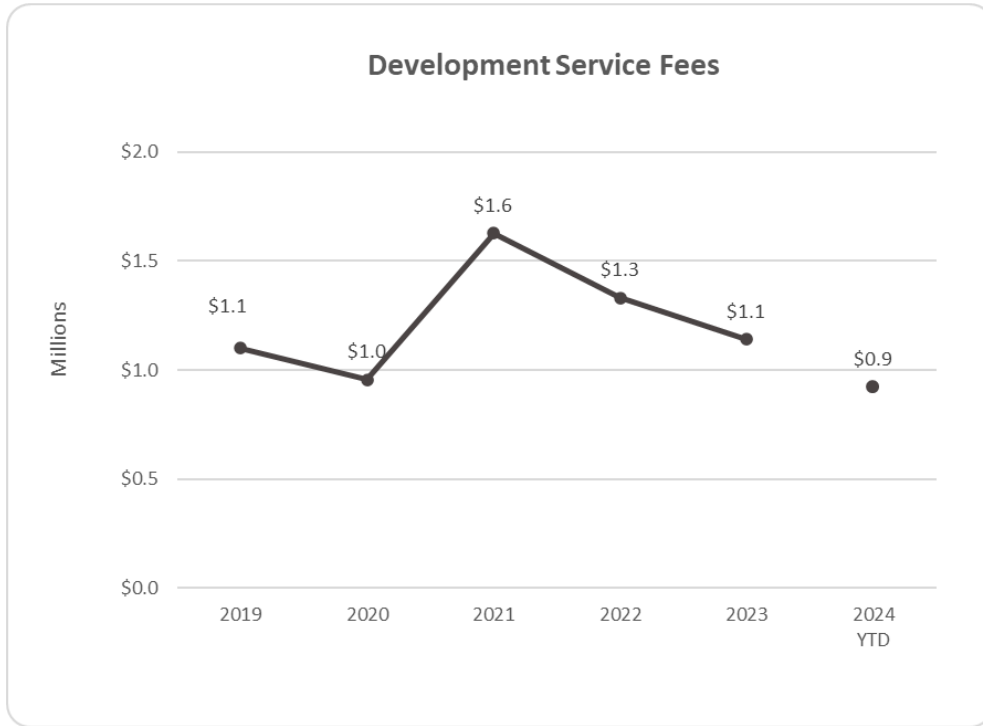
Charges for Services consist of general governmental service charges, public safety charges, development service fees, and culture and recreation fees. Total charges for services collected through September 2024 totaled \$8.3 million and were \$217,600, or 2.6%, less than expected to date. This was mainly due to general government revenues (specifically SKHHP reimbursements) being lower than anticipated due to the timing of projects associated with these reimbursements.

Charges for Services by Type Through September 2024								
Revenue	2024			Favorable (Unfavorable)		2023	2024 YTD Actual vs. 2023 Actual	
	Annual Budget	YTD Budget	YTD Actual	Amount	Percentage	YTD Actual	Amount	Percentage
General Government	\$ 5,824,577	\$ 4,339,666	\$ 3,378,097	\$ (961,569)	-22.2%	\$ 3,346,174	\$ 31,923	1.0%
Public Safety	1,057,000	792,750	1,072,059	279,309	35.2%	773,804	298,255	38.5%
Development Services	1,158,080	922,300	921,591	(709)	-0.1%	832,887	88,704	10.7%
Culture & Recreation	2,915,485	2,467,946	2,933,340	465,394	18.9%	2,740,415	192,925	7.0%
Total	\$ 10,955,142	\$ 8,522,662	\$ 8,305,087	\$ (217,575)	-2.6%	\$ 7,693,280	\$ 611,807	8.0%

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 for expenses related to South King Housing and Homelessness Partners (SKHHP), as well as transportation projects. The unfavorable variance of \$961,500 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 budget to occur in 2024, but which are likely to be moved to the 2025 fiscal year.

Public safety revenues mainly consist of collections 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 through the third quarter of 2024 totaled \$1.1 million and saw a \$298,300 increase from 2023 third quarter totals. This is largely attributable to higher-than-expected law enforcement services collected. Comparing 2023 vs 2024, law enforcement services have increased by \$362,300. Somewhat mitigating the overall favorable variance versus prior year, DUI emergency response fees collected have decreased by \$57,500.. Overall, public safety collections hold a favorable variance to year-to-date budget expectations by \$279,300.

Development services fee collections consist primarily of plan check fees, facility extension charges, and zoning and subdivision fees. Through Q3-2024, development service fees collected totaled \$921,600, on par with budget expectations. Within this category, unfavorable variances to year-to-date budget existed in plan check fees, where construction documents require review per Section 106.3 of the Construction Administrative Code (-\$13,100) and environmental services (-\$21,400). These were offset by favorable variances in fees assessed on projects that require extension of public facilities (+\$20,300) and zoning and subdivision fees (+\$13,500). This is an effect of the revenue regressing to the mean after an exceptional two-year period of high collections from 2021 through 2022. Although overall collections through the first three quarters of 2024 are lower than the same periods in 2021 and 2022, they are still higher than any other third quarter year-to-date 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 \$465,400, or 18.9%.

Nearly 65% of the year-to-date Culture and Recreation revenues have come from the Auburn Golf Course. Green fee revenues have increased by \$122,000 or 8.6% from the same period last year and are favorable to budget by \$187,250 year-to-date. The City projects that green fees collections will slowly decrease through the remainder of the year, as the peak season for golfers have passed. Since 2018, green fee revenues have increased annually, seeing a large spike in 2020 through 2021, followed by modest increases in 2022 and 2023. The City anticipates continued modest growth in 2024 based on updated green fee rates.

Recreation classes represent 21% of year-to-date culture and recreation collections through the third quarter, and have generally remained consistent from prior year-to-date totals with \$614,000 in collections. Ticket sales for performances held at local school venues (previously held at the Auburn Avenue Theater) have decreased by \$22,100 or 23.2% from prior year totals but carry a favorable variance to budget by \$39,300. This is mainly due to the Performing Arts Center decreasing to two shows year-to-date in 2024 compared to three shows in 2023. with continued community participation in recreational classes through the remainder of the year.

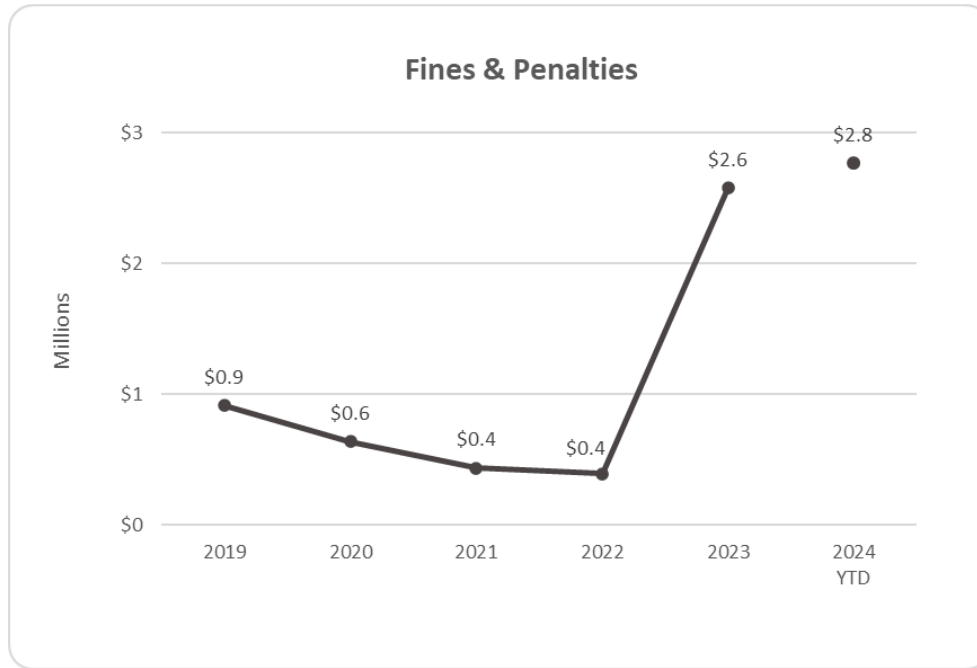


Fines & Penalties include civil penalties (such as code compliance fines), parking and traffic infraction penalties, criminal fines (including criminal traffic, criminal non-traffic, and other criminal offenses) as well as non-court fines such as false alarm fines. The table below shows a detailed breakdown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

Fines & Penalties by Type Through September 2024								
Revenue	2024			Favorable (Unfavorable)		2023 YTD Actual	2024 YTD Actual vs. 2023 Actual	
	Annual Budget	YTD Budget	YTD Actual	Amount	Percentage		Amount	Percentage
Civil Penalties	\$ 10,000	\$ 7,970	\$ 8,783	\$ 813	10.2%	\$ 1,543	\$ 7,240	469.3%
Civil Infraction Penalties	138,313	98,900	132,674	33,774	34.1%	110,098	22,576	20.5%
Photo Enforcement	3,000	1,900	157	(1,743)	-91.7%	1,067	(910)	-85.3%
Parking Infractions	733,506	550,130	2,078,436	1,528,306	277.8%	372,412	1,706,023	458.1%
Criminal Traffic Misdemeanor	40,000	28,600	25,847	(2,753)	-9.6%	20,950	4,897	23.4%
Criminal Non-Traffic Fines	41,000	32,400	56,679	24,279	74.9%	41,770	14,908	35.7%
Criminal Costs	30,000	25,600	7,314	(18,286)	-71.4%	9,667	(2,354)	-24.3%
Non-Court Fines & Penalties	76,000	56,800	455,806	399,006	702.5%	822,487	(366,681)	-44.6%
Total	\$ 1,071,819	\$ 802,300	\$ 2,765,694	\$ 1,963,395	244.7%	\$ 1,379,994	\$ 1,385,700	100.4%

Total revenues collected through September 2024 totaled \$2.8 million as compared to a budget of \$802,000 and were 244.7% 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 through the first half of the year 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 \$231,500, approximately one-third of their third quarter average for the period of 2015-2019, prior to contracting with King County. The City is currently conducting a feasibility study of alternatives to contracting with King County.



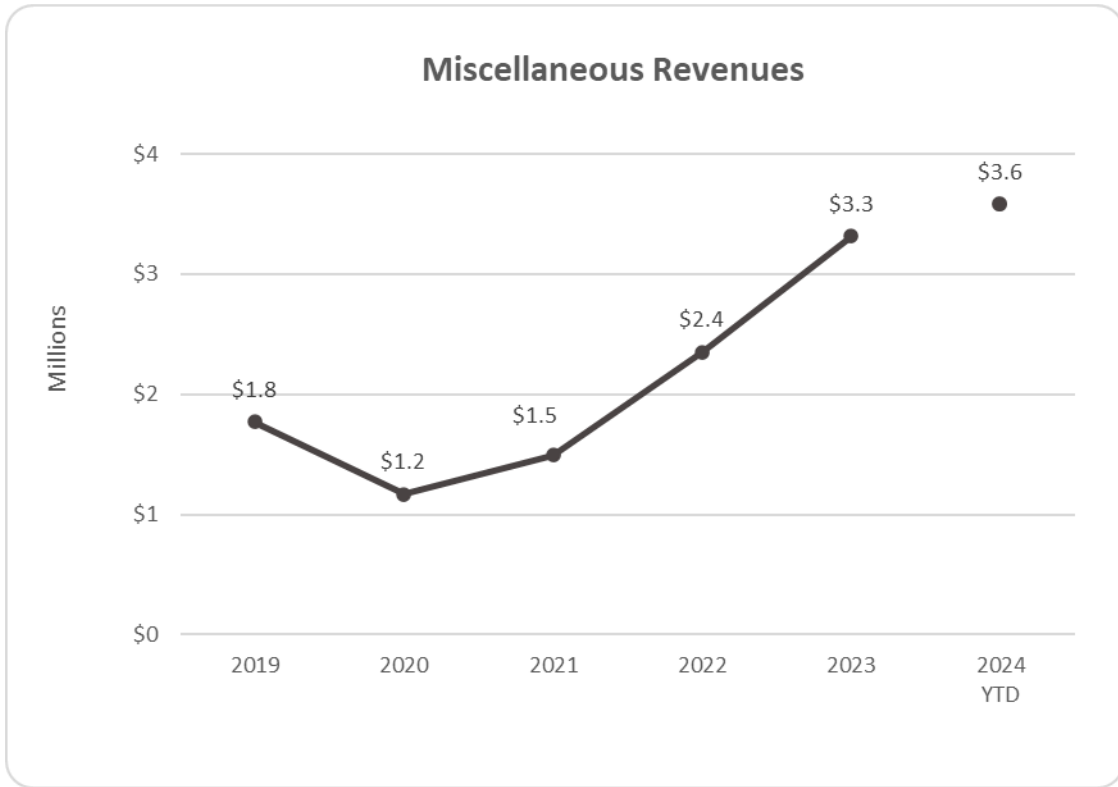
Miscellaneous Revenues consist of investment earnings, income from facility rentals, revenue collected for golf cart rentals at the Auburn Golf Course, contributions and donations, and other income including the quarterly purchasing card (P-card) rebate monies. The most significant miscellaneous revenue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

Miscellaneous Revenues by Type Through September 2024								
Revenue	2024			Favorable (Unfavorable)		2023	2024 YTD Actual vs. 2023 Actual	
	Annual Budget	YTD Budget	YTD Actual	Amount	Percentage	YTD Actual	Amount	Percentage
Interest & Investments	\$ 315,000	\$ 236,250	\$ 1,648,748	\$ 1,412,498	597.9%	\$ 891,832	\$ 756,916	84.9%
Rents & Leases	1,142,948	940,900	1,214,999	274,099	29.1%	1,029,401	185,597	18.0%
Contributions & Donations	42,000	33,202	18,889	(14,313)	-43.1%	25,421	(6,533)	-25.7%
Other Miscellaneous Revenue	258,000	208,213	701,042	492,829	236.7%	371,846	329,196	88.5%
Total	\$ 1,757,948	\$ 1,418,564	\$ 3,583,677	\$ 2,165,113	152.6%	\$ 2,318,500	\$ 1,265,177	54.6%

Revenues collected year-to-date 2024 in this category totaled \$3.6 million and were \$2.2 million or 152.6% favorable to budget. Of the favorable variance to budget, 65.0% was comprised of interest and investment collections, far exceeding budget expectations due to higher-than-expected interest rates and the maturation of multiple investments during the third quarter.

The rents and leases category includes payments for facility rentals, golf cart rentals, and restaurant lease at the golf course. Rents and leases were favorable by \$274,100 against year-to-date budget expectations, with a temporary easement of City property contributing significantly to the variance. Golf carts and other rentals were also favorable to expectations by \$72,800, resulting in a favorable balance of budget to actual for the category. The rents and leases category generally exhibits seasonality, with the peak being in the spring and summer months. To date, rents and leases are \$185,500 above 2023 collections through the same period, as the City has seen increased numbers of events that request the use of City facilities.

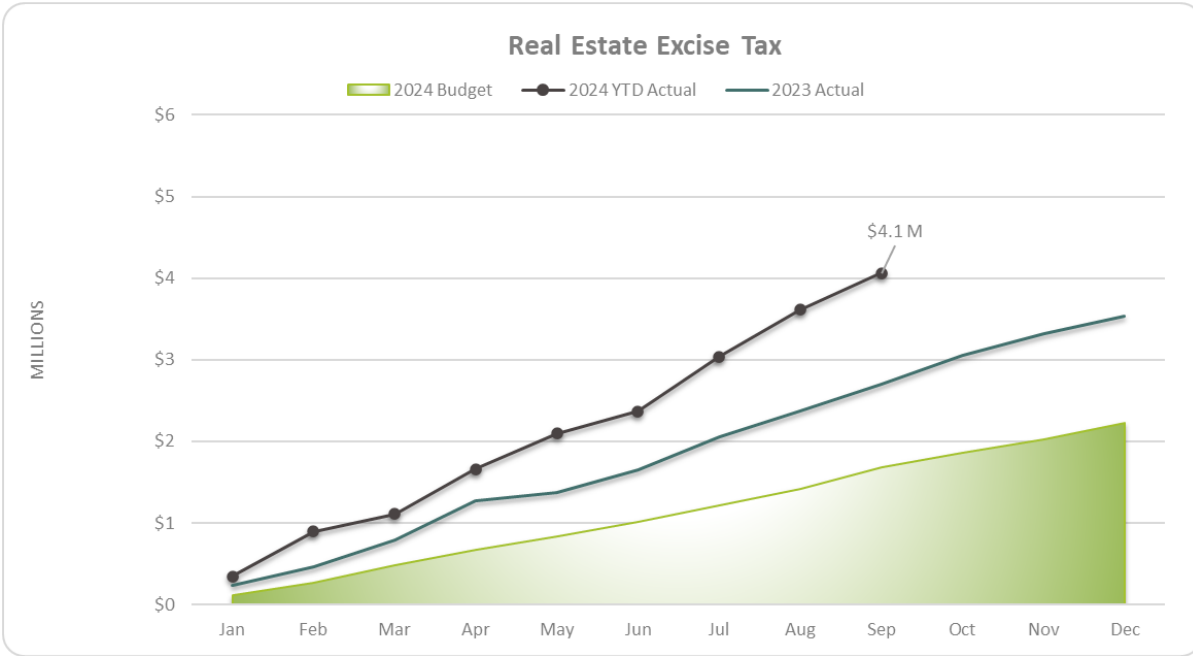
The "Other Miscellaneous Revenue" sub-category reported \$329,200 more than the same timeframe last year and was favorable to the year-to-date budget by \$493,000. This category includes \$406,500 in revenue related to a national opioid settlement distribution program.



OTHER FUNDS

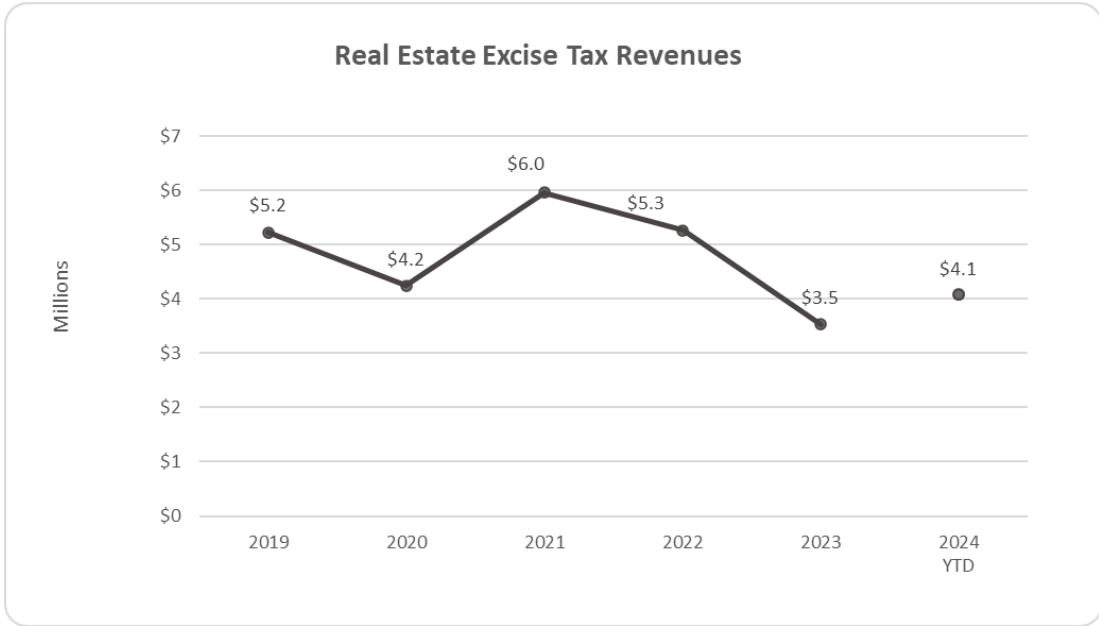
Real Estate Excise Tax (REET) revenues are taxes on the sale of both commercial properties and single-family residences. These collections are receipted into the Capital Improvement Projects Fund and used for governmental capital projects.

REET revenues collected year-to-date in 2024 total \$4.1 million which is \$2.4 million or 58.7% 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 is favorable for citizens within the State of Washington.



Year-to-date REET collections in 2024 are significantly outpacing those of last year, and have only been exceeded in the last ten years by 2015 and 2022 year-to-date collections. This is a sign of recovery after two years of declining annual REET revenues. Collections peaked in 2021 following two years of historic low interest rates maintained by the Federal Reserve in response to COVID-19. However, interest rates were increased throughout 2022 and 2023 to address severe inflation, cooling the market and lowering REET collections in those years. The federal funds rate decreased in September and is expected to change again in October. With an expected reduction later this year, REET collections appear to be improving. Generally, REET revenues have reflected the overall market volatility in recent years, with a standard deviation of \$960,400 or 29.0% of the average annual collections over the time period of 2017 to 2023.

Real Estate Excise Tax Revenues Through September 2024								
Revenue	2024			Favorable (Unfavorable)		2023	2024 YTD Actual vs. 2023 Actual	
	Annual Budget	YTD Budget	YTD Actual	Amount	Percentage	YTD Actual	Amount	Percentage
Real Estate Excise Tax	\$ 2,228,300	\$ 1,679,482	\$ 4,063,530	\$ 2,384,049	58.7%	\$ 2,699,151	\$ 1,364,380	50.5%
Total	\$ 2,228,300	\$ 1,679,482	\$ 4,063,530	\$ 2,384,049	58.7%	\$ 2,699,151	\$ 1,364,380	50.5%



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 used all \$14.8 million to offset 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 September 30, 2024, the City has been able to spend \$900,693 year-to-date and \$5.3 million since 2021 on the following projects:

Title	Budget	2024 Lifetime Spend		
		Q3 Spend	(includes this quarter)	Remaining
Completed Projects	2,041,659	-	2,041,658	-
Body Cameras	586,400	-	550,325	36,075
Vaccination Incentive Program	47,500	-	34,980	12,520
Neighborhood Street Light Program	1,300,000	2,400	94,536	1,205,464
Neighborhood Traffic Calming	200,000	82	18,496	181,504
Recreation Access Grants	150,000	650	650	149,350
Human Services Grants Includes Admin	1,000,000	4,841	445,882	554,118
Theater	389,700	-	-	389,700
Limited Term Employee (LTE): Grants Coordinator	420,000	-	118,729	301,271
Paving Gravel Roads	135,000	-	23,539	111,461
2023 Local Street Preservation	501,886	-	-	501,886
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	17,862	19,460	130,540
Emergency Housing Voucher Program	2,000,000	92,681	492,780	1,507,220
DEI Dashboard (Inclusive Auburn)	130,000	92,805	92,805	37,195
Duct cleaning in applicable buildings	150,000	-	-	150,000
Encampment Cleanup	500,000	1,589	451,867	48,133
Downtown Sidewalk Replacement on Main Street and B Street Plaza Surface Replacement	2,009,409	292,308	354,034	1,655,375
Cameras in qualified census tracts	150,000	-	73,283	76,717
Community Violence Intervention Programs (Drone, SPIDR Tech)	236,248	-	170,875	65,373
Arts Culture Center Renovations	100,000	-	-	100,000
Auburn Ave Theater Demolition	300,000	15,757	31,700	268,300
Signing Bonuses for Police Lateral Hires	200,000	32,696	196,938	3,062
Other Projects (not started)	1,928,430	-	-	1,928,430
Total:	14,751,231	553,670	5,254,408	9,496,822

The project *Downtown Sidewalk Replacement on Main Street and B Street Plaza Surface Replacement* will construct infrastructure improvements in Downtown Auburn along Auburn Ave. from East Main St. N to 1st St. NE and on East Main St. from Auburn Ave to B St. NE, including B

St. Plaza. The improvements will support existing and future re-development activities and replace infrastructure that is at or near the end of its useful service life. The project team is designing the improvements and anticipates completing the design by the end of the year with construction to begin in early 2025. Total spend of this project so far is \$354,034 with \$292,306 spent in the third quarter.

The *DEI Dashboard* project entered into a contract with an outside consultant firm for development of the City's DEI data strategy. The purpose of this plan is to outline and roadmap of the City's data practices, aimed at tracking and monitoring key organizational DEI objectives. The consultant is working with the Office of Equity to complete Phase 1. Overall spend of this project is \$92,805 which was all spent in the third quarter of 2024.

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 \$492,780, with \$92,681 occurring in Q3-2024.

Beginning in 2024, the *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 Auburn Ave Theater building demolition is complete, and the contractor is performing the final site cleanup. A proposed in-fund transfer of ARPA funds of \$190,000 increased the total budget to \$490,000 as the total project estimated costs are \$364,550. The lifetime project cost through Q3-2024 is \$31,700.

Enterprise Funds

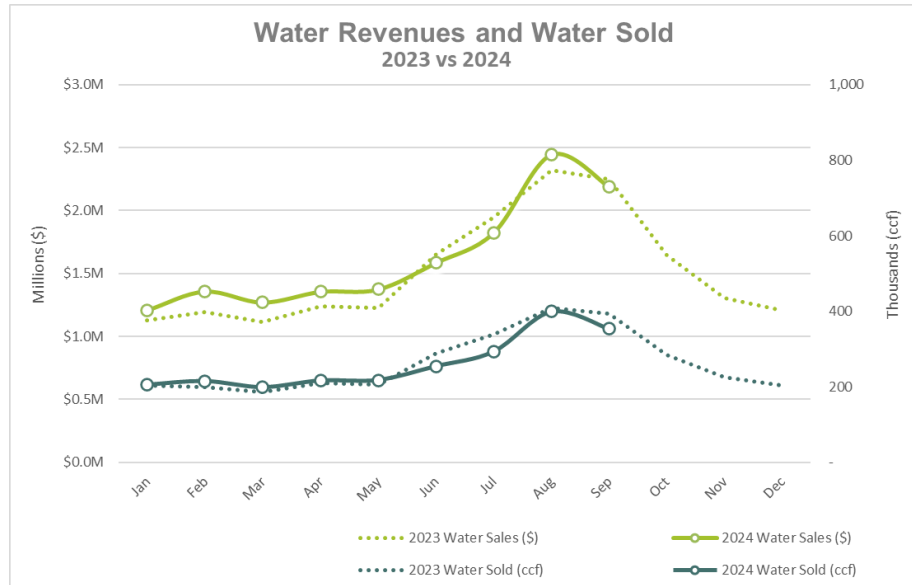
Utility activities are divided between operating funds and capital sub-funds. Operating funds house all the operating costs along with debt service and financing obligations. Capital funds show costs associated with capital acquisition and construction. Both the operating and capital funds have a working 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 September 2024, the **Water Utility Fund** had operating income of \$5.5 million (operating revenues less operating expenditures), approximately \$183,000 higher than the same period last year. Most of this increase is due to higher revenues from water sales due to increased rates and consumption; charges for service revenues were \$14.8 million through Q3-2024 compared to \$14.3 million through Q3-2023. In addition to increased water sales, the fund also saw higher expenses in personnel costs (+\$42,000), supplies (+\$17,000) and other service charges (+\$222,000), which includes utility taxes. Utility and excise taxes are proportional to revenue; therefore, when a fund experiences increased revenue growth, it is expected that utility and excise taxes will also increase over the same period.

Q3-2024 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 \$2.0 million favorable to the year-to-date budget.

Operating revenues were \$1.1 million higher than expected through Q3-2024, with interest earnings outperforming budget expectations by \$501,000 and charges for service \$552,000 higher than projected. Operating expenditures had a \$960,000 favorable variance to budget, driven by lower-than-expected personnel costs (-\$227,000), as well as timing differences in public utility payments (-\$265,000), and professional service charges (-\$289,000).

Billable water consumption through Q3-2024 totaled 2.4 million ccf (hundred cubic feet), approximately 82,000 ccf or 3.0% lower than consumption volume through Q3-2023. Decreases in consumption were seen primarily in irrigation, school, and single-family customer classes compared to the prior year, while consumption increased in the manufacturing and commercial customer classes.



Compared to the same period last year, the **Sewer Utility Fund** experienced marginal growth, finishing Q3-2024 with \$3.6 million in operating income, \$407,000 higher than Q3-2023. Operating revenues were up \$703,000 or 8.6% from the same period last year due to stronger performance in charges for City sewer service (+\$431,000) and higher interest earnings (+\$272,000).

Operating expenses increased \$296,000 from the prior year, due primarily to increased personnel costs (+\$44,000), supply costs (+\$13,000), as well as other service charges (+\$221,000), which includes utility tax expense.

Through Q3-2024, this fund performed better than budget expectations with a \$1.6 million favorable variance in operating revenues, both in charges for service (+\$980,000) and interest earnings (+\$633,000). Additionally, operating expenditures had a \$2.2 million 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 Fund** had operating income of \$2.3 million through Q3-2024, an insignificant increase (+0.3%, or +\$7,600) from 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.

While operating revenues were higher through Q3-2024 compared to Q3-2023 (+\$471,000), operating expenses for this fund were also higher during this same period (+\$464,000). Primary

drivers for the increase in operating expenditures were increased personnel costs (+\$351,000) and other service charges (+\$124,000). These increases were partially offset by underspend in supplies (-\$13,000).

This fund also outperformed budget expectations, with a \$1.5 million favorable to budget variance in operating income, driven by higher than anticipated revenues (+\$1.4 million) and a favorable to budget variance in operating expenditures (-\$142,000) through Q3-2024.

The **Solid Waste Utility Fund** finished Q3-2024 with operating income of \$346,000, which is \$379,000 lower than operating income reported through same period last year. The primary driver of this variance is the timing differences of payments for solid waste service. Operating revenues increased \$1.6 million, due primarily to increased service rates adopted for 2024. However, operating expenditures also increased approximately \$2.0 million, due primarily to timing differences of payments for solid waste service as well as utility and excise taxes.

Compared to budget expectations, operating revenues saw a favorable variance (+\$490,000) due to higher than anticipated charges for service and interest earnings. The fund also saw a \$345,000 favorable variance to budget in operating expenditures, in part due to cost savings from the dissolution of the City's solid waste team after the full transition to third-party solid waste services earlier in the year (+\$142,000). Further, other charges for service had a \$160,000 favorable variance, due to slight timing differences in payments to the City's solid waste provider and utility tax payments. We expect these timing differences to be resolved by year-end.

Internal Service Funds

Operating expenditures within the **Insurance** Fund represent the premium cost pool that is allocated to other City funds on an annual basis. Historically, the total premium cost was allocated to the other City funds monthly, which resulted in the balance in this fund being paid down gradually over a twelve-month period. Earlier in 2024, the full annual cost was paid by City funds rather than being allocated on a monthly basis. As such, there is a timing difference that results in a variance when comparing current period and prior period costs. In all, activity within this fund is consistent with expectations and no other significant activity was reported during Q3-2024.

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.