

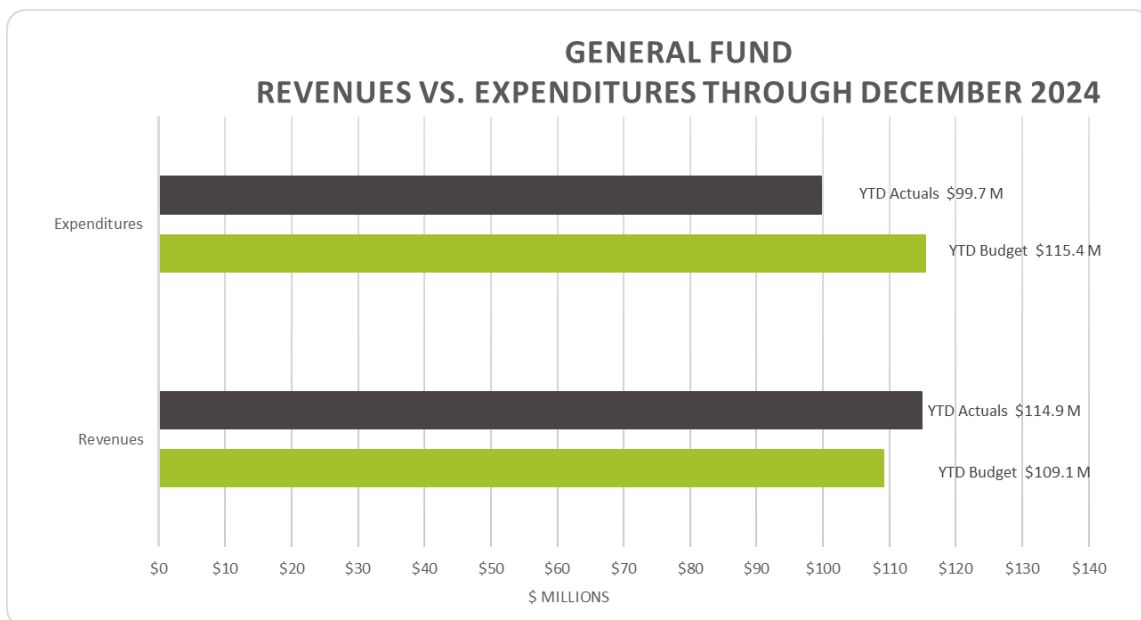
This report provides an overview of the City's overall cash-basis financial position for the fiscal year ending December 31, 2024, reflecting data available as of March 15, 2025. The City's fiscal year is the same as the calendar year. References to budget, actual and prior year amounts reflect year-to-date numbers, unless stated otherwise. Year-to-date performance expectations are generally based on the two prior years of data.

General Fund Overview

As 2024 comes to a close, the City continues to surpass what was a solid financial performance in 2023. General Fund revenues have generally exceeded budget expectations and largely recovered from the impact of COVID-19. With the adoption of Ordinance #6961 in November 2024, the annual budget consists of \$109.1 million in revenues and \$115.4 million in expenditures - a planned decrease in General Fund balance of \$6.3 million. The City Council also approved the biennial budget for the fiscal years of 2025-2026, which had been in development throughout 2024.

Amid nationwide discussions of an economic soft landing, the General Fund continues to outperform revenue expectations. By year-end, the City collected \$4.8 million or 4.4% more revenues in 2024 than in 2023. A large contributor to this outcome was Business and Occupation (B&O) tax revenue; throughout 2024 the City collected \$11.6 million in B&O taxes (including backdated collections), an increase of \$1.0 million from 2023. However, the City anticipates that B&O revenues will decline slightly in the upcoming year as payments related to prior periods decrease. The City also implemented a new photo enforcement program during the second half of 2023, which generated \$2.6 million of revenue through 2024. Mitigating the increases in General Fund revenues, the City also saw expenditures increase from the same period last year by \$6.9 million or 7.5%. This is due to planned increases in overhead costs, professional services and insurance premiums.

Overall, General Fund revenues collected through 2024 totaled \$114.9 million as compared to an annual budget of \$109.1 million, and were \$5.8 million, or **5.3% above** budget expectations. General Fund expenditures through 2024 totaled \$99.7 million compared to an annual budget of \$115.4 million; resulting in a \$15.8 million or **13.7% underspend**.



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

- B&O Tax: Revenues collected through 2024 totaled \$11.6 million, greatly exceeding the annual budget by \$4.6 million or 65.1%. Some of the 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 11]**
- Fines and Penalties: Collections through 2024 were \$3.8 million in total and \$2.7 million favorable to budget. Higher than expected revenues from a photo enforcement program implemented by the City in 2023 contributed \$2.0 million toward the favorable variance. Other non-court fines and penalties are \$660,500 favorable versus budget expectations, mainly due to interest and penalties on B&O tax collection. Civil penalties and criminal costs had an unfavorable variance, slightly reducing the overall favorable variance. **[pages 20-21]**
- Retail Sales Tax: The sales tax report for distributions through 2024 (provided as an attachment to this report) reflects amounts remitted to the City of Auburn based on sales between November 2023 and October 2024. Collections totaled \$22.9 million, approximately \$95,000 lower than last year, driven by lower collections particularly in the construction and retail trade sectors. This is the first time the City has recorded lower year-over-year retail sales tax revenue since 2013. However, compared to the annual budget, sales tax has a favorable variance of \$2.3 million or 10.9%. **[pages 9-11]**
- Interest and Investment Earnings: Throughout 2024, interest and investment earnings have totaled \$2.2 million and hold a \$1.9 million favorable variance to budget. This is largely due to current investments outperforming expectations throughout the year. Multiple investments matured during the remainder of the year, which may reduce the rate of collections in the upcoming year. An in-depth analysis of investments is included as an attachment to this report. **[pages 3-4]**
- General Government Services: Revenues collected during 2024 totaled \$4.5 million, marginally below the expected budget amount of \$5.8 million. This was mainly due to the timing of reimbursements related to SKHHP projects that were scheduled but not completed during the year. However, even with this unfavorable variance to budget in 2024, these revenues surpassed 2023 totals by \$78,000. This is due to a large percentage of these revenues resulting from interfund support services which were fully collected throughout the year. **[page 18]**
- Transfers-in: Transfers into the General Fund were \$9.4 million unfavorable to budget throughout the year. This is mainly due to a budgeted transfer-in amount of \$9.3 million for cash-flow purposes. As the year progressed, the City determined that this transfer was unnecessary in 2024.

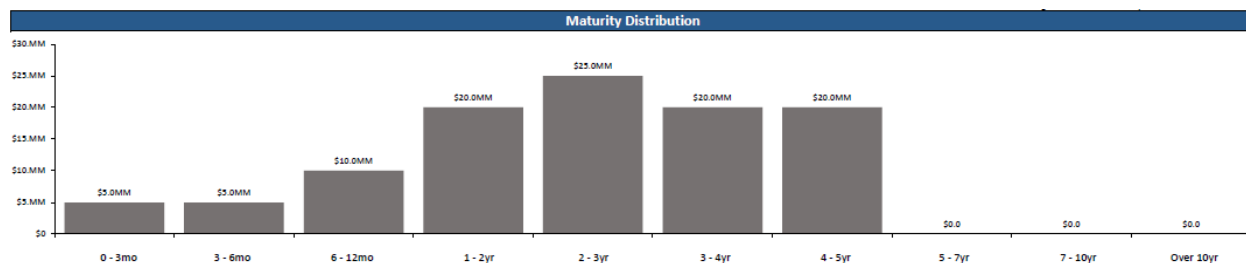
Expenditures: Overall, the favorable variance to the annual expense budget is \$15.8 million. At the close of the year all departments operated within their annual budgets, with some variances due to the timing of professional services payments, as well as expenses related to projects facilitated by ARPA funding. Also contributing to the favorable variance was a savings in salaries and benefits expenses of roughly \$3.5 million; as of the compilation of this report, there were 38 vacant regular full-time positions in the City. Likewise, services and charges were favorable to budget expectations throughout the year by roughly \$7.0 million. This is partially due to the timing of spend on projects in-progress within the City.

Citywide Cash and Investments

As of December 31, 2024, the City of Auburn's Investment Portfolio is comprised of liquid investments in the State's Local Government Investment Pool (LGIP) and cash (60.6%), investments in agencies (26.2%), and treasuries (13.1%).

Liquid balances are comprised of the City's cash balances, plus the amount invested in the LGIP. The LGIP is operated by the State Treasurer, and provides a "safe, liquid, and competitive" investment option for Washington local governments. The City can access and withdraw the entire amount of LGIP and cash balances at any time. As of December 31, the City maintained a balance of \$132.1 million with the LGIP and \$29.6 million in cash.

The City's investment portfolio also includes 21 current investments in agencies and treasuries, each with a par value of \$5 million for a total of \$105 million. As of December 31, the market value of these investments was \$103.9 million. As depicted in the graphic below, all investments mature within a 5-year period, with the highest amount of cash-flow coming in 2-3 years (\$25 million).



The table below details the current position of the City's investments through the end of the year. As illustrated in the unrealized gain/loss column, the City currently holds an overall loss of roughly \$357,000. This is calculated by subtracting the book value (value of investment after liabilities are backed out) against the market value (current price of investment on the market). As the investments move closer to maturity, the unrealized gain/loss will fluctuate based on current market conditions.

Amortization/Accretion Book Calculations													Unrealized
CUSIP/Sec-ID	Sec Desc 1	Cpn	Mat Dt	Par Value	Cost	Purch Px	Book Val	Book Px	Book YTM	Mkt Val	Mkt Px	Mkt YTM	Gain/Loss
3130AP3M5	FEDERAL HOME LOAN BANK N-I	0.55	3/28/2025	5,000,000	5,013,870	100.28	5,000,958	100.02	0.46	4,955,150	99.10	4.25	(45,808)
3135G03U5	FEDL NATL MTG ASSN SER BENI	0.63	4/22/2025	5,000,000	4,999,320	93.99	4,933,484	98.67	4.96	4,945,350	98.91	4.17	11,866
3133EPQ08	FFCB	4.75	7/21/2025	5,000,000	4,990,590	99.81	4,997,147	99.94	4.85	5,011,750	100.24	4.31	14,603
3130AWKM1	FHLB	4.75	12/12/2025	5,000,000	5,011,120	100.22	5,004,551	100.09	4.65	5,023,650	100.47	4.23	19,099
3133EPPR0	FFCB	4.63	4/10/2026	5,000,000	5,012,180	100.24	5,005,756	100.12	4.53	5,024,850	100.50	4.22	19,094
3133EPPR9	FFCB	4.38	7/6/2026	5,000,000	4,989,635	99.79	4,994,533	99.89	4.45	5,006,000	100.12	4.29	11,467
3130AXCP1	FEDERAL HOME LOAN BANK EN-	4.88	9/11/2026	5,000,000	5,029,315	100.59	5,017,882	100.36	4.65	5,049,050	100.98	4.26	31,168
912828YX2	T	1.75	12/31/2026	5,000,000	4,612,470	92.25	4,767,341	95.35	4.20	4,763,850	95.28	4.24	(3,491)
31424WAF9	FAMCA	4.88	4/1/2027	5,000,000	5,026,830	100.54	5,018,127	100.36	4.70	5,061,500	101.23	4.29	43,373
3130AWB22	FHLB	4.13	6/11/2027	5,000,000	4,977,590	99.55	4,985,466	99.71	4.25	4,978,700	99.57	4.31	(6,766)
91282CFH9	TREAS SER AC-202	3.13	8/31/2027	5,000,000	4,862,025	97.24	4,895,290	97.91	3.96	4,855,450	97.11	4.28	(39,840)
31422XH70	FAMCA	3.79	10/4/2027	5,000,000	4,853,535	97.07	4,893,399	97.87	4.62	4,930,500	98.61	4.33	37,101
91282CGC9	TREAS SER AH-202	3.88	12/31/2027	5,000,000	5,045,630	100.91	5,041,601	100.83	3.58	4,942,000	98.84	4.29	(99,601)
91282CB59	TREAS SER J-2028	1.25	3/31/2028	5,000,000	4,365,915	87.32	4,518,260	90.37	4.47	4,540,450	90.81	4.31	22,190
91282CHK0	T	4.00	6/30/2028	5,000,000	5,013,895	100.28	5,011,338	100.23	3.93	4,947,650	98.95	4.33	(63,688)
91282CHX2	TREAS SER AC-202	4.38	8/31/2028	5,000,000	5,096,385	101.93	5,078,398	101.57	3.91	5,003,300	100.07	4.35	(75,088)
3133EPA47	FFCB	4.88	11/1/2028	5,000,000	5,082,540	101.65	5,065,044	101.30	4.50	5,083,400	101.67	4.40	18,356
3133EPA40	FFCB	4.25	2/28/2029	5,000,000	5,051,305	101.03	5,043,425	100.87	4.02	4,979,650	99.59	4.36	(63,775)
31424WHP0	FAMCA	4.65	4/26/2029	5,000,000	5,007,390	100.15	5,006,474	100.13	4.62	5,043,950	100.88	4.42	37,476
31424WNH1	FAMCA FEDERAL	3.63	9/4/2029	5,000,000	5,003,400	100.07	5,003,012	100.06	3.61	4,830,100	96.60	4.44	(172,912)
91282CGB1	TREAS NTS	3.88	12/31/2029	5,000,000	4,935,795	98.72	4,936,266	98.73	4.16	4,884,200	97.68	4.40	(52,066)
TOTAL AND AVERAGES				105,000,000	103,680,735		104,217,754		4.15	103,860,500		4.31	(357,254)

The current cash-flow projections for 2025 can be seen below. Projected collections from investments in the upcoming year total \$23.8 million and average \$6.0 million of collections per quarter. The current structure of maturing investments creates a consistent inflow of cash throughout the year, making it easier for the City to manage its cash flow accordingly.

Extended Cash-Flows														
# Cusip	Par Value	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Year 1 Total
1 3130AP3M5	5,000,000	0	0	5,013,750	0	0	0	0	0	0	0	0	0	5,013,750
2 3135G03U5	5,000,000	0	0	0	5,015,625	0	0	0	0	0	0	0	0	5,015,625
3 3133EPQN8	5,000,000	118,750	0	0	0	0	0	5,118,750	0	0	0	0	0	5,237,500
4 3130AWKM1	5,000,000	0	0	0	0	0	118,750	0	0	0	0	0	5,118,750	5,237,500
5 3133EPPE0	5,000,000	0	0	0	115,625	0	0	0	0	0	115,625	0	0	231,250
6 3133EPPE9	5,000,000	109,375	0	0	0	0	0	109,375	0	0	0	0	0	218,750
7 3130AXCP1	5,000,000	0	0	121,875	0	0	0	0	0	121,875	0	0	0	243,750
8 912828YK2	5,000,000	0	0	0	0	0	43,750	0	0	0	0	0	43,750	87,500
9 31424WAF9	5,000,000	0	0	0	121,875	0	0	0	0	0	121,875	0	0	243,750
10 3130AWB22	5,000,000	0	0	0	0	0	103,125	0	0	0	0	0	103,125	206,250
11 91282CFH9	5,000,000	0	78,125	0	0	0	0	0	78,125	0	0	0	0	156,250
12 31422XH70	5,000,000	0	0	0	94,750	0	0	0	0	0	94,750	0	0	189,500
13 91282CGC9	5,000,000	0	0	0	0	0	96,875	0	0	0	0	0	96,875	193,750
14 91282CB59	5,000,000	0	0	31,250	0	0	0	0	0	31,250	0	0	0	62,500
15 91282CHK0	5,000,000	0	0	0	0	0	100,000	0	0	0	0	0	100,000	200,000
16 91282CHK2	5,000,000	0	109,375	0	0	0	0	0	109,375	0	0	0	0	218,750
17 3133EPA47	5,000,000	0	0	0	0	121,875	0	0	0	0	0	121,875	0	243,750
18 3133EPA40	5,000,000	0	106,250	0	0	0	0	0	106,250	0	0	0	0	212,500
19 31424WHP0	5,000,000	0	0	0	116,250	0	0	0	0	0	116,250	0	0	232,500
20 31424WNH1	5,000,000	0	0	90,625	0	0	0	0	0	90,625	0	0	0	181,250
21 91282CG81	5,000,000	0	0	0	0	0	96,875	0	0	0	0	0	96,875	193,750
TOTAL	105,000,000	228,125	293,750	5,257,500	5,464,125	121,875	559,375	5,228,125	293,750	243,750	448,500	121,875	5,559,375	23,820,125

Street Funds Overview

The City's three street funds are special revenue funds wherein the revenue sources and expenditures are legally restricted. These funds are used for street capital construction projects, as well as local and arterial street repair and preservation projects. Historically, most expenditures in all three street funds occur during the second half of the year when weather conditions are optimal for pavement construction. Variances in budget and actuals between years are generally due to the schedule and level of activity on projects in the funds, and the timing of grant reimbursements and other funding. In 2024, many projects in the street funds moved out of the design phase and into the construction phase, triggering increases in expenditure activity as well as revenue collections from grant reimbursements and sales tax.

Arterial Street Fund revenues in 2024 totaled \$6.8 million compared to \$3.0 million in 2023, while expenditures increased \$3.1 million from \$3.4 million in 2023 to \$6.5 million in 2024. There were 26 active projects in this fund in 2024 and, as noted above, the increased activity is due to increase construction activity for these projects throughout the year. **[pages 26–27]**

Local Street Fund revenues through 2024 totaled \$4.6 million compared to \$3.2 million in 2023. This increase is due primarily to increased collections of interfund utilities taxes (+\$963,000), as well as increase interest earnings compared to the prior year (+\$301,000). Expenditures in 2024 totaled \$2.1 million compared to \$210,000 in 2023, which is consistent with the City's expectation given increased construction activity for the eight active projects in the fund. **[pages 28–29]**

Arterial Street Preservation Fund revenues totaled \$4.0 million in 2024 compared to \$3.6 million in 2023. Most of this increase was driven by increased revenues from the Public Transportation Sales & Use Tax, which totaled \$2.7 million in 2024, up \$455,000 from \$2.2 million in 2023. Increased construction activity for 18 active projects in this fund contributed to an increase in expenditures, which totaled \$4.3 million in 2024 compared to \$1.6 million in 2023. **[pages 29–30]**

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 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 investments means the 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. As such, interest earnings across all enterprise funds through 2024 increased \$292,000 to \$3.5 million compared to \$3.2 million in the prior year.

The **Water Utility Fund** ended 2024 with an operating income of \$7.7 million, which was approximately \$337,000 higher than last year. Revenues for this fund were \$20.2 million through 2024, compared to \$19.5 million through 2023. These revenues were offset by \$12.6 million in expenditures, compared to \$12.2 million in 2023. In total, operating income had a \$2.5 million favorable variance compared to the 2024 budget, due to favorable variances in both revenues (+\$1.2 million) and expenditures (-\$1.3 million lower than budget). However, after factoring in non-operating revenues and expenses such as capital construction and payment of debt service, the Water Utility experienced an overall decrease to working capital of \$1.5 million. [pages 32–33]

The **Sewer Utility Fund** ended 2024 with an operating income of \$5.2 million compared to \$4.7 million in the same period last year. Operating revenues increased \$857,000 from \$11.3 million in 2023 to \$12.1 million in 2024. This increase in revenue was partially offset by a \$335,000 increase in operating expenses. Operating income was \$5.2 million, driven by favorable variances in revenues (+\$2.4 million) and expenditures (-\$3.0 million) compared to budget. Net changes in non-operating income and capital project related activity reduced the overall change in working capital for the Sewer Utility to \$4.2 million. [pages 33]

The **Stormwater Utility Fund** ended 2024 with an operating income of \$3.4 million compared to \$3.3 million last year. Operating revenues in 2024 totaled \$13.4 million compared to \$12.7 million in 2023. Operating expenses increased \$514,000 million from \$9.4 million last year to \$10.0 million in 2024. Compared to the 2024 budget, operating income held a \$2.3 million favorable variance due to favorable variances in both revenues (+\$2.0 million) and expenditures (-\$253,000). Increased expenditures related to capital construction led to an overall reduction in working capital of \$1.6 million. [pages 33-34]

The **Solid Waste Utility Fund** ended 2024 with an operating income of \$620,000, compared to an operating loss of \$549,000 through the same period last year. While operating revenues increased from \$28.9 million through 2023 to \$31.0 million through 2024, operating expenditures also increased. Operating expenditures through 2024 were \$30.3 million, compared to \$29.5 million through the same period last year. Like the other enterprise funds, operating income was favorable to the 2024 budget, due to a \$374,000 favorable variance in revenues and a \$907,000 favorable variance in expenditures. [page 34]

The **Airport Fund** ended 2024 with operating income of \$354,000, slightly lower (-\$22,000) than operating income for the same period last year. Operating revenues decreased \$31,000 from 2023, while operating expenditures also decreased slightly (-\$9,000). Overall, the Airport Fund had a favorable operating income budget variance of \$15,000 in 2024. Factoring in additional expenditures related to capital projects this fund experienced a reduction of \$230,000 in total working capital. [page 34-35]

The **Cemetery Fund** ended 2024 with operating income of \$86,000, a reduction of \$232,000 compared to \$318,000 through the same period last year. This decrease was driven by decreased charges for service (-\$161,000), as well as an overall increase of \$60,000 in operating expenditures. Compared to 2024 budget expectations, the Cemetery Fund had favorable budget variances in both operating revenues (+\$393,000) and expenditures (-\$71,000). Additional expenditures related to capital projects occurring in 2024 contributed to an overall decrease in working capital of \$178,000. [pages 35-36]

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**.

The **Innovation & Technology Fund** had budgeted for an operating loss of \$2.4 million in 2024; however, due to timing differences between budgeted expenditures for software replacements and actual spend, the fund recorded operating income of \$111,000. We expect these planned replacements and related expenditures to occur in 2025.

Compared to the prior year, operating revenues increased \$244,000 to \$9.0 million in 2024. This increase was partially offset due to increases in personnel costs (+\$469,000) and supplies (+\$53,000), resulting in a decrease in operating income of \$201,000 compared to 2023.

The **Equipment Rental Fund** also had a \$610,000 favorable budget variance in operating income for the same period, due to higher than anticipated interest earnings (+\$340,000), gains on the sales of fixed assets (+\$187,000), and lower than anticipated operating expenditures (-\$194,000). Operating income in 2024 was \$590,000, which is a \$832,000 decrease compared to the prior year. This fluctuation is driven almost entirely by a decrease in insurance recoveries from 2023 to 2024.

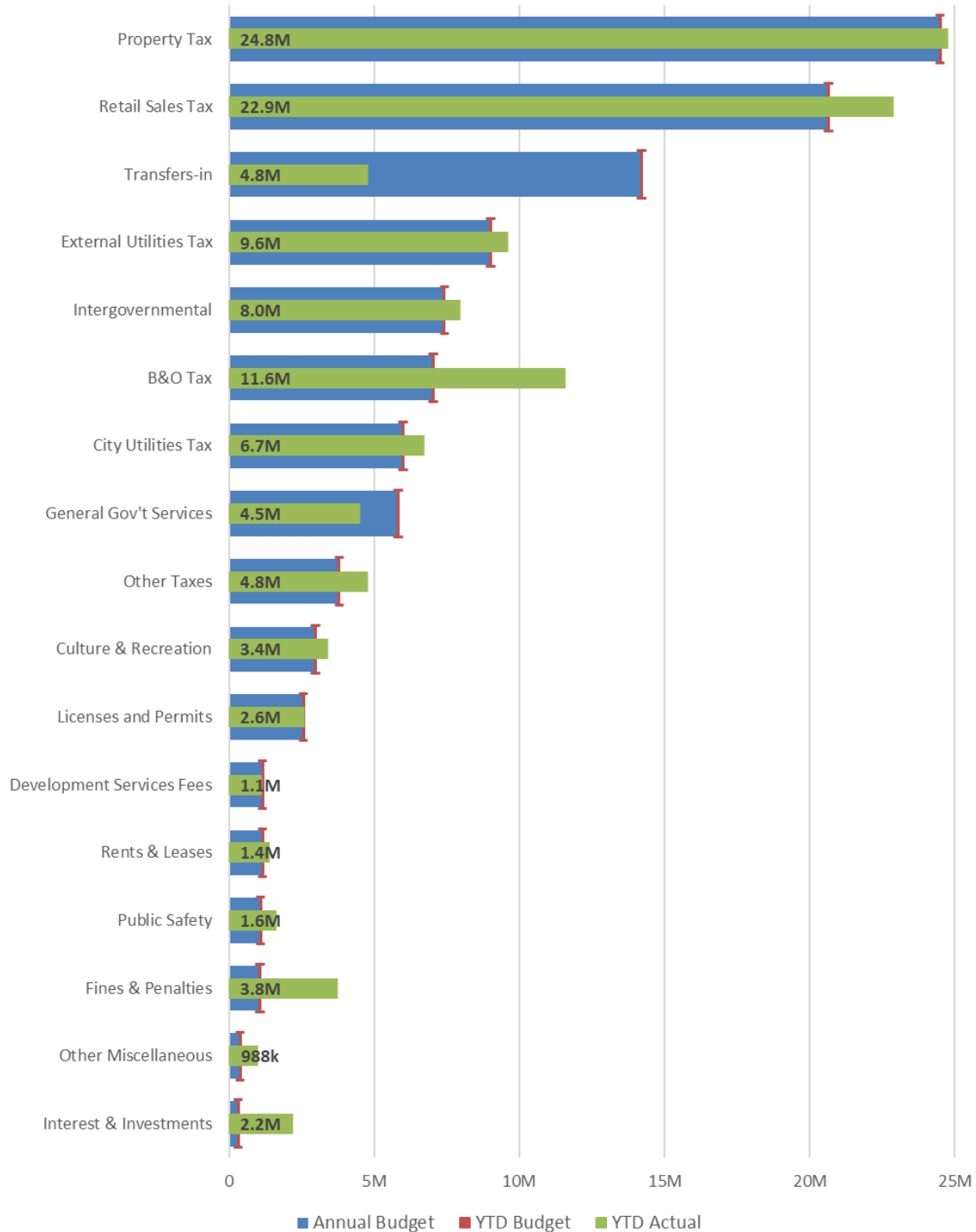
No other significant variances were reported in the Internal Service funds during 2024. **[page 36]**

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 ces and Uses	2024			2024 YE Budget vs. Actual		2023	2024 YTD Actual vs. 2023 Actual	
	Annual Budget	YE Budget	YE Actual	Favorable (Unfavorable) Amount	Percentage	YE Actual	Favorable (Unfavorable) Amount	Percentage
Operating Revenues								
Property Tax	\$ 24,486,386	\$ 24,486,386	\$ 24,780,732	\$ 294,346	1.2 %	\$ 24,149,996	\$ 630,736	2.6 %
Retail Sales Tax	20,649,700	20,649,700	22,905,129	2,255,429	10.9 %	22,999,943	(94,814)	(0.4) %
Affordable Housing Sales Tax Credit	177,587	177,587	149,352	(28,235)	(15.9) %	150,476	(1,123)	(0.7) %
Sales Tax - Pierce County Parks	130,000	130,000	135,512	5,512	4.2 %	133,326	2,186	1.6 %
Criminal Justice Sales Tax	2,478,000	2,478,000	3,056,862	578,862	23.4 %	3,119,532	(62,669)	(2.0) %
Brokered Natural Gas Tax	150,000	150,000	240,833	90,833	60.6 %	319,286	(78,453)	(24.6) %
City Utilities Tax	5,989,667	5,989,667	6,733,102	743,435	12.4 %	6,238,094	495,009	7.9 %
Business & Occupation Tax	7,029,750	7,029,750	11,605,183	4,575,433	65.1 %	10,625,063	980,120	9.2 %
Admissions Tax	312,445	312,445	702,930	390,485	125.0 %	403,607	299,323	74.2 %
Electric Tax	4,426,743	4,426,743	4,696,372	269,629	6.1 %	4,443,631	252,740	5.7 %
Natural Gas Tax	1,658,523	1,658,523	1,289,448	(369,075)	(22.3) %	1,469,777	(180,329)	(12.3) %
Cable Franchise Fee	880,889	880,889	753,919	(126,970)	(14.4) %	853,521	(99,603)	(11.7) %
Cable Utility Tax	931,981	931,981	798,527	(133,454)	(14.3) %	909,293	(110,765)	(12.2) %
Cable Franchise Fee - Capital	51,539	51,539	39,176	(12,363)	(24.0) %	49,201	(10,025)	(20.4) %
Telephone Tax	435,847	435,847	687,102	251,255	57.6 %	497,600	189,502	38.1 %
Solid Waste Tax (external)	621,973	621,973	1,342,295	720,322	115.8 %	1,919,923	(577,627)	(30.1) %
Leasehold Excise Tax	255,335	255,335	303,727	48,392	19.0 %	268,560	35,168	13.1 %
Gambling Excise Tax	295,300	295,300	212,097	(83,203)	(28.2) %	278,202	(66,105)	(23.8) %
Taxes sub-total	\$ 70,961,665	\$ 70,961,665	\$ 80,432,299	\$ 9,470,634	13.3 %	\$ 78,829,030	\$ 1,603,269	2.0 %
Business License Fees	\$ 461,250	\$ 461,250	\$ 640,082	\$ 178,832	38.8 %	\$ 583,469	\$ 56,613	9.7 %
Building Permits	956,698	956,698	767,031	(189,667)	(19.8) %	904,387	(137,357)	(15.2) %
Other Licenses & Permits	1,150,950	1,150,950	1,199,438	48,488	4.2 %	1,362,462	(163,024)	(12.0) %
Intergovernmental (Grants, etc.)	7,410,275	7,410,275	7,967,969	557,694	7.5 %	5,890,408	2,077,561	35.3 %
Charges for Services:								
General Government Services	5,824,577	5,824,577	4,532,458	(1,292,119)	(22.2) %	4,454,072	78,386	1.8 %
Public Safety	1,094,160	1,094,160	1,644,675	550,515	50.3 %	1,218,117	426,558	35.0 %
Development Services Fees	1,158,080	1,158,080	1,138,214	(19,866)	(1.7) %	1,141,917	(3,702)	(0.3) %
Culture and Recreation	2,975,485	2,975,485	3,399,314	423,829	14.2 %	3,265,931	133,383	4.1 %
Fines and Penalties	1,071,819	1,071,819	3,762,521	2,690,702	251.0 %	2,458,443	1,304,078	53.0 %
Fees/Charges/Fines sub-total	\$ 22,103,294	\$ 22,103,294	\$ 25,051,700	\$ 2,948,406	13.3 %	\$ 21,279,205	\$ 3,772,495	17.7 %
Interest and Investment Earnings	\$ 315,000	\$ 315,000	\$ 2,218,003	\$ 1,903,003	604.1 %	\$ 1,600,133	\$ 617,871	38.6 %
Rents and Leases	1,152,948	1,152,948	1,394,828	241,880	21.0 %	1,229,495	165,333	13.4 %
Contributions and Donations	42,000	42,000	24,030	(17,970)	(42.8) %	29,420	(5,391)	(18.3) %
Other Miscellaneous	258,000	258,000	850,739	592,739	229.7 %	457,129	393,610	86.1 %
Transfers In	14,203,054	14,203,054	4,790,709	(9,412,345)	(66.3) %	6,356,542	(1,565,833)	(24.6) %
Insurance Recoveries - Capital & Operating	82,210	82,210	113,283	31,073	37.8 %	249,217	(135,934)	(54.5) %
Other Revenues sub-total	\$ 16,053,212	\$ 16,053,212	\$ 9,391,592	\$ (6,661,620)	(41.5) %	\$ 9,921,936	\$ (530,344)	(5.3) %
Total Operating Revenues	\$ 109,118,171	\$ 109,118,171	\$ 114,875,590	\$ 5,757,419	5.3 %	\$ 110,030,171	\$ 4,845,420	4.4 %
itures								
Council & Mayor	\$ 1,459,725	\$ 1,459,725	\$ 1,444,985	\$ 14,740	1.0 %	\$ 1,374,567	\$ 70,418	5.1 %
Administration	1,331,394	1,331,394	1,309,653	21,741	1.6 %	1,265,848	43,805	3.5 %
Human Resources	2,527,139	2,527,139	2,521,116	6,023	0.2 %	2,382,597	138,519	5.8 %
Municipal Court & Probation	3,673,544	3,673,544	3,324,616	348,928	9.5 %	2,556,274	768,342	30.1 %
Finance	5,763,940	5,763,940	4,861,292	902,648	15.7 %	4,689,061	172,230	3.7 %
City Attorney	5,063,393	5,063,393	4,692,554	370,839	7.3 %	6,069,324	(1,376,770)	(22.7) %
Community Development	9,070,576	9,070,576	6,649,256	2,421,320	26.7 %	8,128,085	(1,478,829)	(18.2) %
Human Services	4,954,978	4,954,978	3,090,240	1,864,738	37.6 %	-	3,090,240	N/A %
Office of Equity	1,047,360	1,047,360	868,952	178,408	17.0 %	514,218	354,734	69.0 %
Jail - SCORE	5,700,000	5,700,000	4,865,975	834,025	14.6 %	5,169,317	(303,342)	(5.9) %
Police	38,019,143	38,019,143	34,780,325	3,238,818	8.5 %	33,618,197	1,162,128	3.5 %
Public Works	5,242,635	5,242,635	5,044,662	197,973	3.8 %	4,592,820	451,842	9.8 %
Parks, Arts & Recreation	17,010,764	17,010,764	16,689,872	320,892	1.9 %	15,532,210	1,157,662	7.5 %
Streets	5,014,872	5,014,872	4,773,367	241,505	4.8 %	4,366,872	406,495	9.3 %
Non-Departmental	9,535,810	9,535,810	4,734,268	4,801,542	50.4 %	2,469,549	2,264,719	91.7 %
Total Operating Expenditures	\$ 115,415,273	\$ 115,415,273	\$ 99,651,133	\$ 15,764,140	13.7 %	\$ 92,728,940	\$ 6,922,194	7.5 %

General Fund Revenues Budget Vs Actual



Revenue

Tax revenues, including property, sales/use, utility, business & occupation, gambling, and admissions taxes provide 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 one-time resources. The following section provides additional information on the most significant tax resource streams.

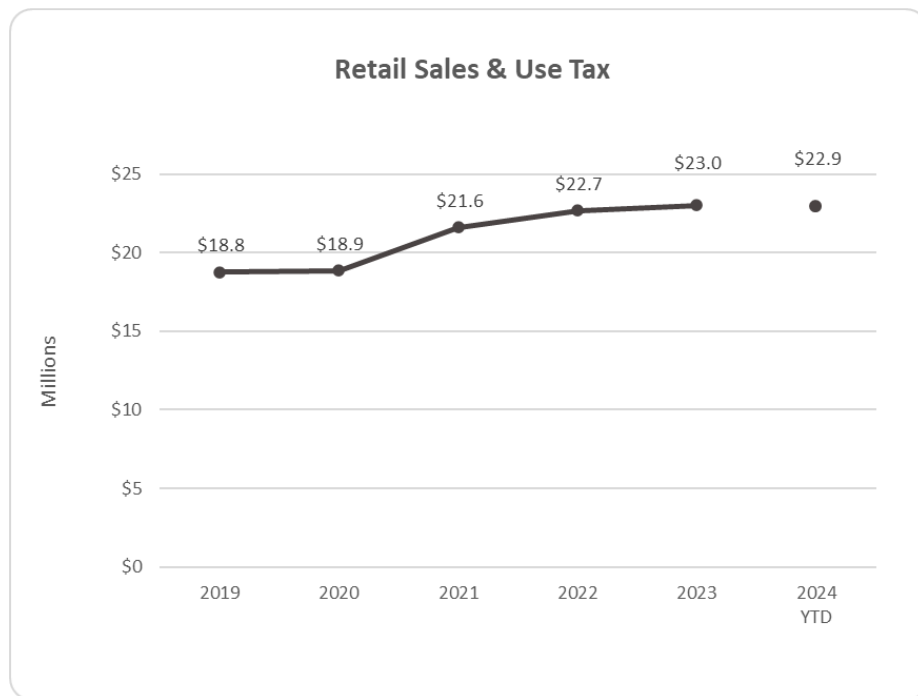
Property Tax collections throughout 2024 totaled \$24.8 million, approximately \$294,000 or 1.2% above budget expectations. Coinciding with the due dates for County property tax billings, the City collects these revenues during the months of April, May, October, and November. Property tax accounts for roughly 21.6% of all revenues collected within the General Fund and is the fund's largest single source of revenue.

The City is legally restricted to a 1% increase on property tax levied annually, plus the tax levied on new construction. This has resulted in an average growth of 2.5% annually since 2017.



Retail Sales Tax collections through 2024 totaled \$22.9 million, representing taxes remitted to the City of Auburn based on sales from November 2023 through October 2024. The City set a retail sales tax budget of \$20.6 million for 2024 and has exceeded expectations by \$2.3 million or 10.9%. Overall, collections were roughly \$95,000 or 0.4% lower throughout the 2024 fiscal year compared to the prior year, which represents the first instance of lower year-over-year sales tax collections since 2013. Two of the three top industries for City sales tax collections experienced a decrease from prior year totals: retail trade (-\$55,277) and automotive (-\$21,513). Likewise, construction sales tax revenues were also lower than 2023 collections (-\$239,981), though the construction industry is highly volatile based on project timelines and the state of the economy. The services industry helped mitigate a large portion of the unfavorable variance with collections of \$202,349 more than last year.

The City has seen consistent growth in recent years, but the rate of growth has generally been in decline since 2019.

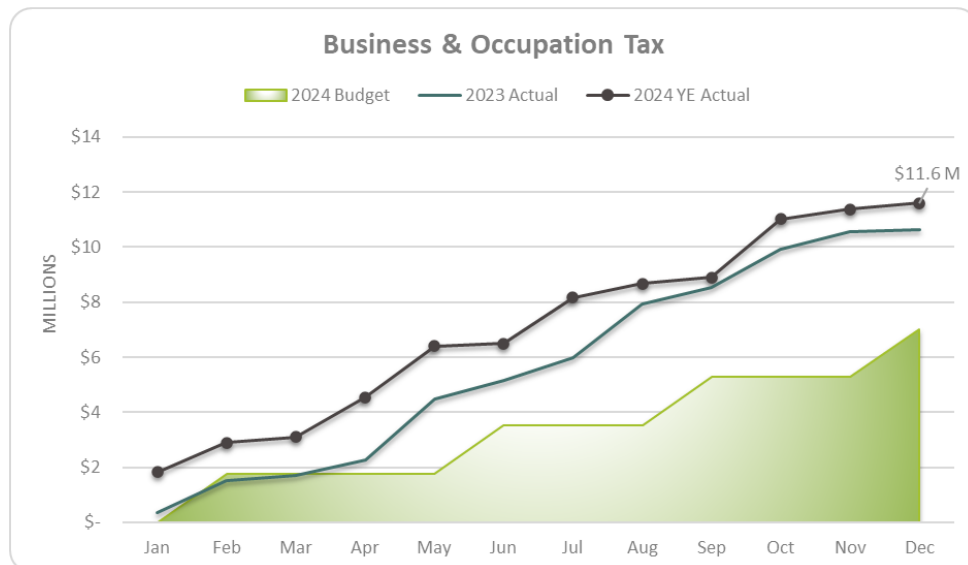


The following table breaks out the City's retail sales tax collections by major business sector.

Comparison of Retail Sales Tax Collections by Group Through December 2024				
Component Group	2023	2024	Change from 2023	
	YE Actual	YE Actual	Amount	Percentage
Construction	\$ 2,950,423	\$ 2,710,442	\$ (239,981)	(8.1) %
Manufacturing	531,277	477,151	(54,126)	(10.2) %
Transportation & Warehousing	224,807	321,173	96,366	42.9 %
Wholesale Trade	1,668,471	1,611,967	(56,504)	(3.4) %
Automotive	4,937,407	4,915,894	(21,513)	(0.4) %
Retail Trade	6,573,018	6,517,742	(55,277)	(0.8) %
Services	5,724,661	5,927,009	202,349	3.5 %
Miscellaneous	389,925	423,751	33,826	8.7 %
YE Total	\$ 22,999,989	\$ 22,905,129	\$ (94,860)	(0.4) %

Business & Occupation (B&O) Taxes were implemented by the City at the beginning of 2022. B&O taxes are collected from businesses based on 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.

Overall collection throughout 2024 totaled \$11.6 million versus a budgeted amount of \$7.0 million, a \$4.6 million or 65.1% favorable variance. By reconciling against the State's Business Licensing System (BLS), the City was able to identify taxes collectable from prior periods, significantly contributing to the performance of this revenue. Looking forward, the 2025 budget for B&O taxes is \$10.0 million, with base collections remaining strong while collection of back taxes tapers off as businesses become current on tax obligations.



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 decreased by \$9,900 or -0.1% from 2023, but ended the year \$1.6 million favorable to budget. Roughly 72% of the utility taxes collected by the City are comprised of the city interfund utility taxes and electric utility taxes. These two revenue sources accounted for \$11.4 million of the collected \$15.8 million throughout 2024.

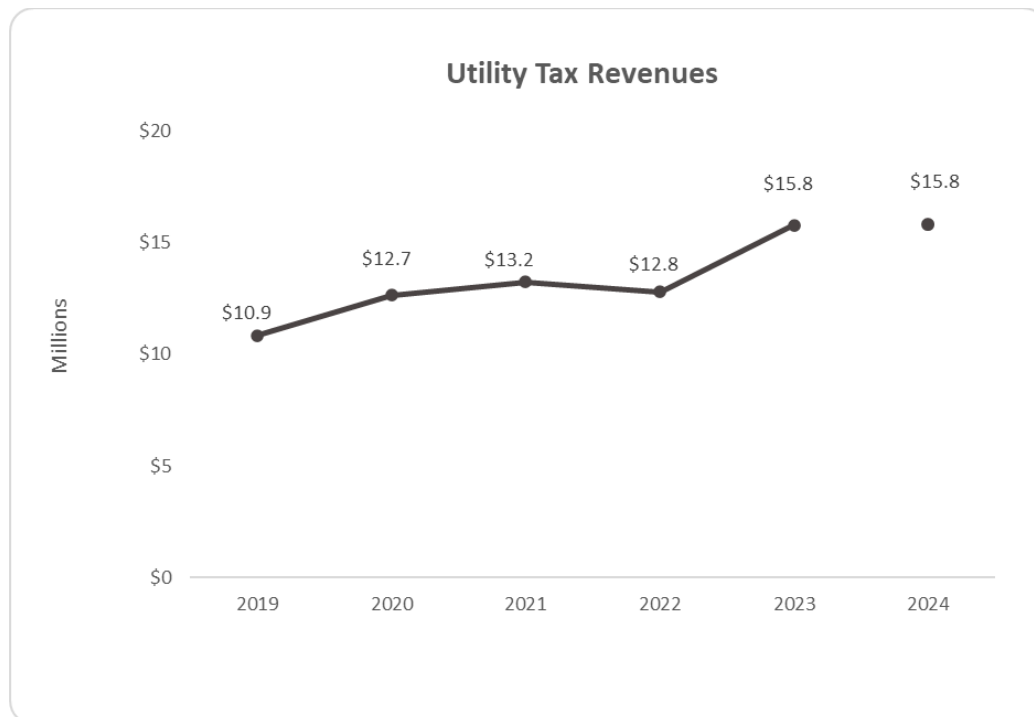
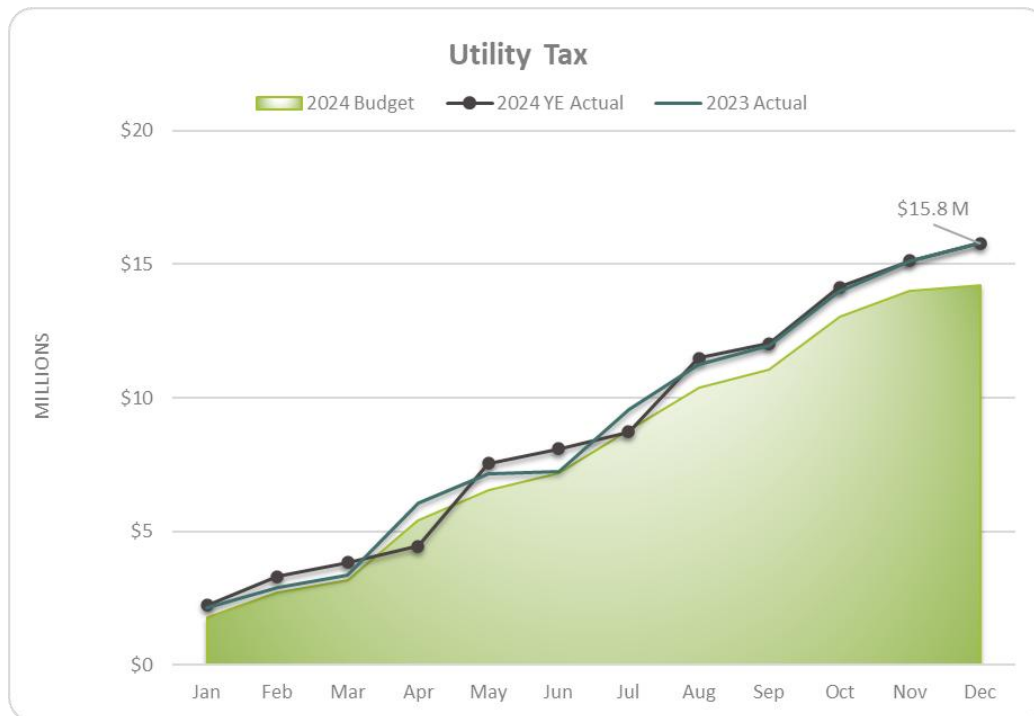
One of the largest contributors to the overall favorable variance to budget is the collection of backdated utility taxes from solid waste haulers. The City anticipates this level of collection to slow as taxes become current, as evidenced by the decrease in overall revenue in this category from last year. Despite this, collections were still well in excess of projections.

Also contributing to the favorable budget variance, telephone taxes have increased from 2023 totals by \$189,500, 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.

Mitigating the favorable variance to budget and prior year totals, cable utility taxes have been declining year-over-year since 2022. With more households moving to streaming services rather than basic cable, the City anticipates cable utility taxes to continue to decline over time. Natural gas tax revenues also decreased following a three-year period of increases that peaked in 2023, which were the highest collections in more than a decade. Although 2024 revenues declined from the 2023 peak, they still represent the second-highest collections since 2009.

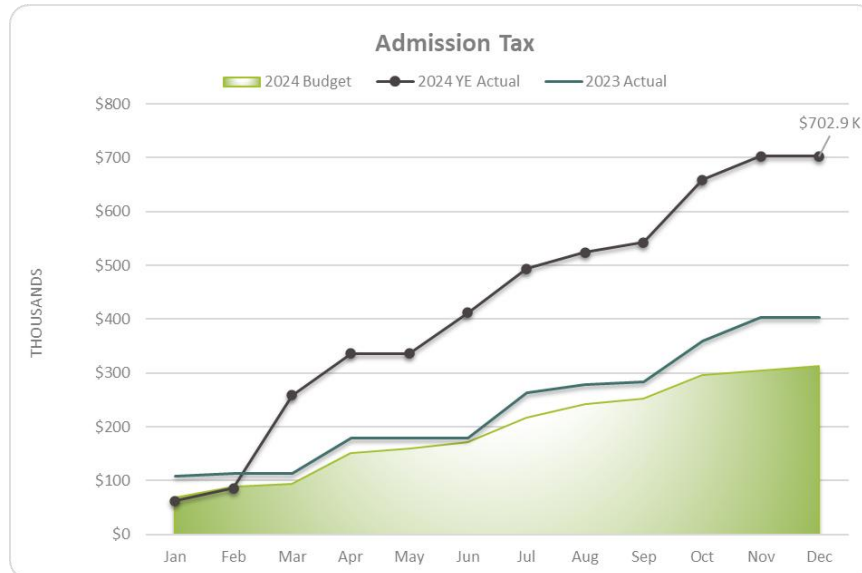
The table and graphics below demonstrate the various utility tax revenues and show actual revenues compared to budget. Note that these amounts represent only the General Fund portion of revenues, and do not contain those revenues allocated for funding City streets projects.

Utility Tax by Type (General Fund Portion) Through December 2024								
Revenue	2024			Favorable (Unfavorable)		2023	2024 Actual vs. 2023 Actual	
	Annual Budget	YE Budget	YE Actual	Amount	Percentage	YE Actual	Amount	Percentage
City Interfund Utility Taxes	\$ 5,989,667	\$ 5,989,667	\$ 6,733,102	\$ 743,435	12.4%	\$ 6,238,094	\$ 495,009	7.9%
Electric	4,426,743	4,426,743	4,696,372	269,629	6.1%	4,443,631	252,740	5.7%
Natural Gas	1,658,523	1,658,523	1,289,448	(369,075)	-22.3%	1,469,777	(180,329)	-12.3%
Telephone	435,847	435,847	687,102	251,255	57.6%	497,600	189,502	38.1%
External Utility Taxes	621,973	621,973	1,342,295	720,322	115.8%	1,919,923	(577,627)	-30.1%
Brokered Natural Gas	150,000	150,000	240,833	90,833	60.6%	319,286	(78,453)	-24.6%
Cable	931,981	931,981	798,527	(133,454)	-14.3%	909,293	(110,765)	-12.2%
Total	\$ 14,214,734	\$ 14,214,734	\$ 15,787,679	\$ 1,572,945	11.1%	\$ 15,797,603	\$ (9,924)	-0.1%



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 (\$15.8 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 \$702,900 were collected throughout 2024, resulting in a favorable variance of \$390,500 to budget and a significant 74.2% increase from 2023 collections. 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 \$283,800. These revenues are dependent on community engagement and highly correlated with general economic conditions.



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 (48.7%) and card games (36.6%). At \$212,100 through the year, collections are \$66,100 lower than 2023 totals and report a \$83,200 or -28.2%, unfavorable variance to budget. The primary driver for the unfavorable variance was minimal collections for card games.

As anticipated in previous reports, this was not mitigated by the end of the year due to the timing of collecting backdated taxes (although these have begun to be collected in 2025). Gambling tax revenues historically have high volatility both month-over-month and year-over-year: excluding 2021 (due to COVID-19 restrictions), recent annual revenues average about \$292,500 but have been as high as \$413,000 (2018) and as low as \$110,000 (2020). Lower performance in gambling taxes combined with lower retail sales tax collections potentially indicates a decrease in disposable cash in the area.

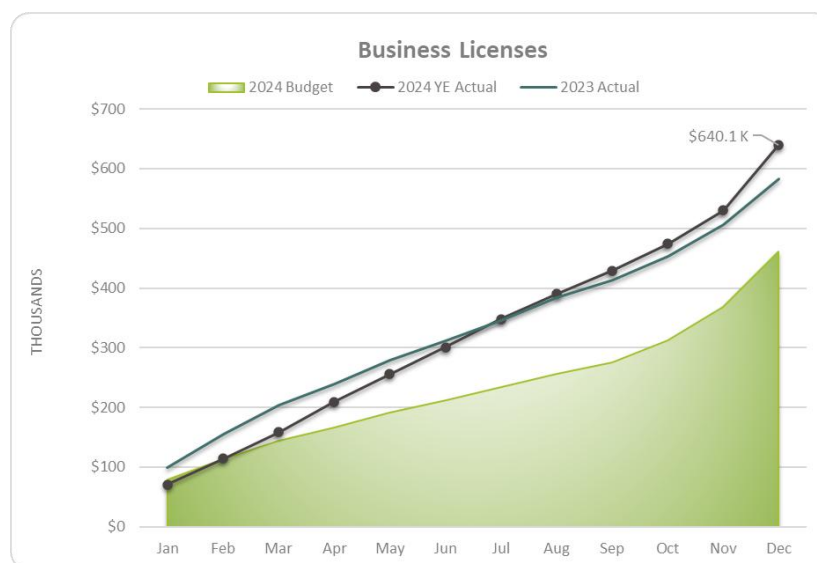


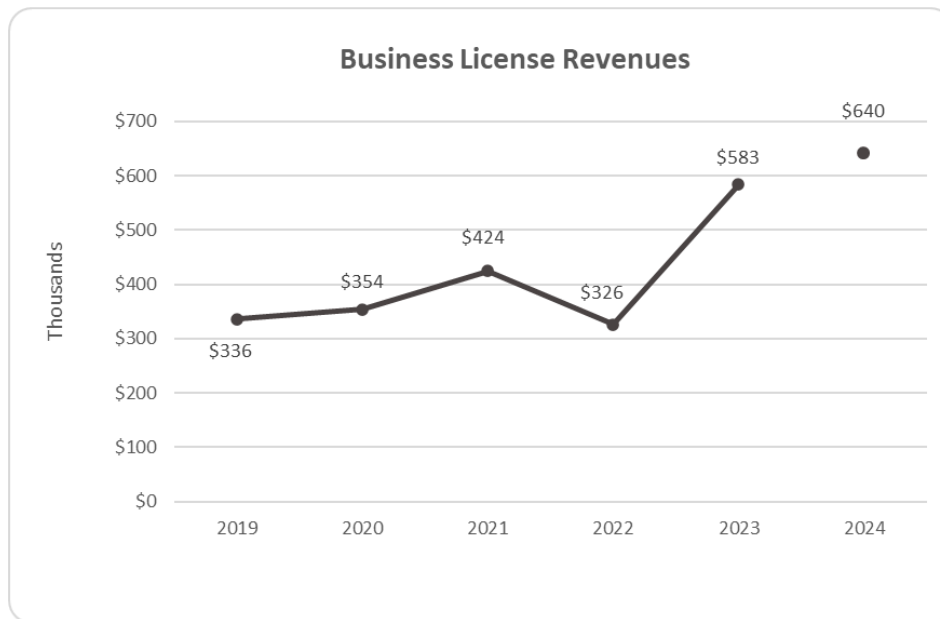
Licenses and Permits include business licenses, building permits, plumbing, electric and other licenses and permit fees. Building permit fees and business licenses typically comprise most of the budgeted revenue in this category, at approximately 60% and 15%, respectively.

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.

Annual collections totaled \$640,100 in 2024 compared to \$583,500 in 2023, a 9.7% increase. Historically, business license collections have been a highly volatile revenue source, and as such were budgeted conservatively. Through discovery and B&O tax use of the State's Business Licensing System, these revenues have become more consistent.

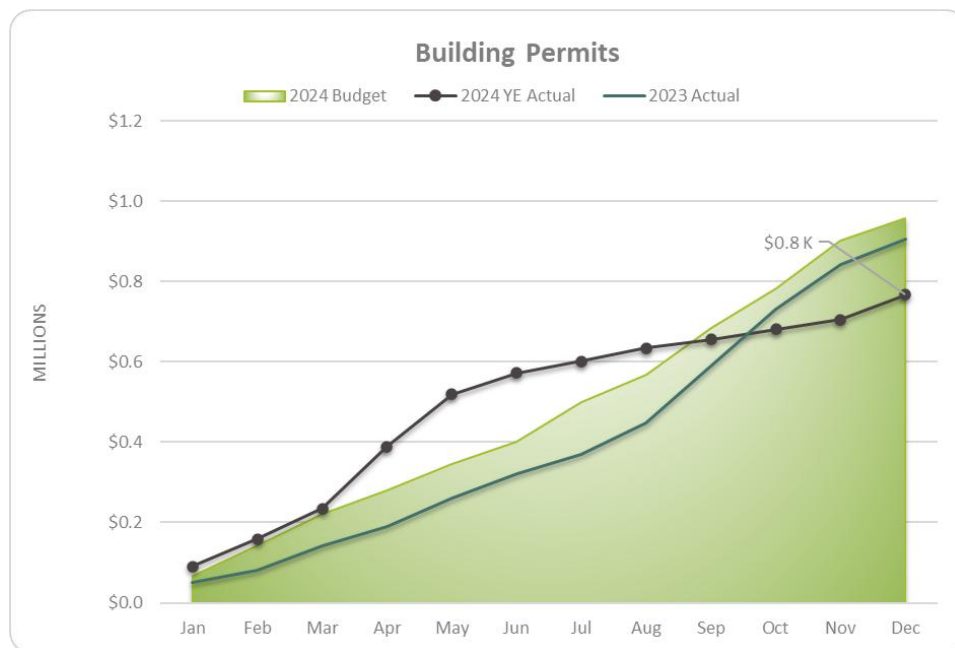
In 2025, the renewal fee will increase from \$103 to \$107.

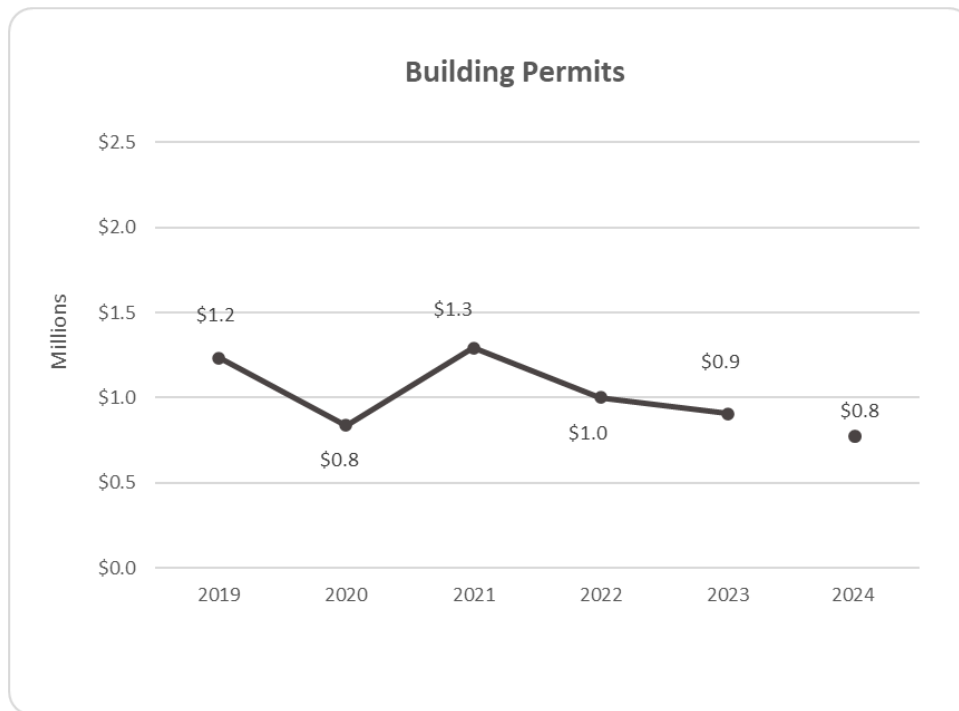




Building Permit revenues collected in 2024 totaled \$767,000, approximately \$137,350 lower than 2023, with an unfavorable variance to budget of \$189,500 (-19.8%). The number of permits submitted throughout the year increased by 41.2% over 2023, representing an increased workload of construction throughout the City. This increase is mainly from one large project within City limits.

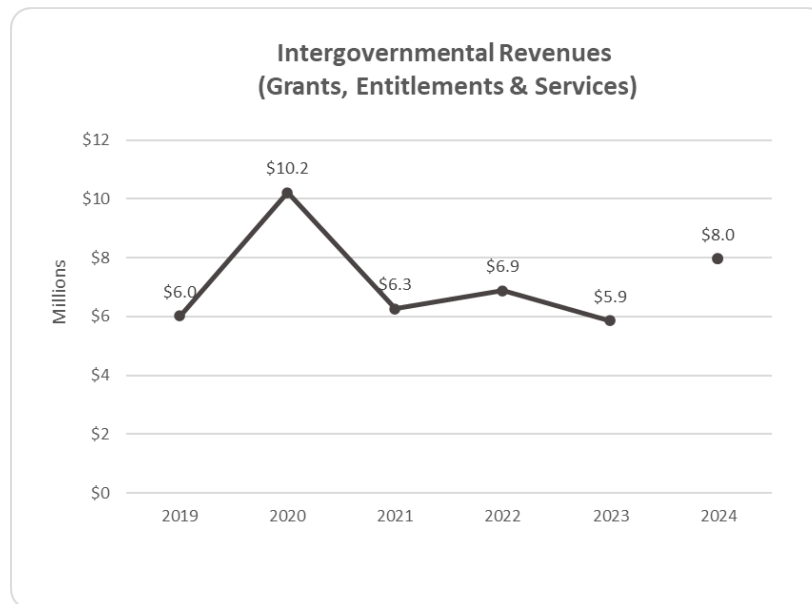
However, a large contributing factor for this unfavorable collection variance versus 2023 totals is the decreased valuation of new tenant improvement permits and repairs.





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 2024 totaled \$8.0 million and were \$558,000 favorable to budget expectations. Much of the favorable variance is due to collecting the approved 2024 Muckleshoot Casino compact request in full along with the final payment of 2023 at the beginning of the year, a total of \$2.7 million. Generally, the City would experience a timing lag of collecting the annual request in the following year. Also contributing to the favorable variance is federal and interlocal grant reimbursements for projects such as the police body-worn camera program. State grants, however, ended 2024 with an unfavorable variance of \$548,000. The incomplete projects related to these grants will be carried-forward into 2025 along with the corresponding grants. Generally speaking, intergovernmental revenues have increased year-over-year by 2% (after backing out the one-time Coronavirus Aid, Relief, and Economic Security Act revenues in late 2020), and the City expects the same to occur in 2025.

Intergovernmental Revenues (Grants, Entitlements & Services) Through December 2024								
Revenue	2024			Favorable (Unfavorable)		2023	2024 YTD Actual vs. 2023 Actual	
	Annual Budget	YE Budget	YE Actual	Amount	Percentage	YE Actual	Amount	Percentage
Federal Grants	\$ 141,246	\$ 141,246	\$ 143,807	\$ 2,561	1.8%	\$ 41,589	\$ 102,219	245.8%
State Grants	1,476,384	1,476,384	928,292	(548,092)	-37.1%	252,504	675,788	267.6%
Interlocal Grants	434,543	434,543	611,104	176,561	40.6%	258,273	352,831	136.6%
Muckleshoot Casino Services	1,712,643	1,712,643	2,652,318	939,675	54.9%	1,404,116	1,248,202	88.9%
State Shared Revenues:								
Streamlined Sales Tax	575,982	575,982	576,091	109	0.0%	720,114	(144,023)	-20.0%
Motor Vehicle Fuel Tax	1,179,887	1,179,887	1,097,029	(82,858)	-7.0%	1,106,315	(9,286)	-0.8%
Criminal Justice - High Crime	289,096	289,096	291,589	2,493	0.9%	284,886	6,703	2.4%
Criminal Justice - Population	20,650	20,650	33,948	13,298	64.4%	32,098	1,849	5.8%
Criminal Justice - Special Prog.	92,924	92,924	119,271	26,347	28.4%	133,769	(14,497)	-10.8%
Marijuana Excise Tax	175,522	175,522	224,867	49,345	28.1%	235,532	(10,665)	-4.5%
State DUI	12,390	12,390	8,647	(3,743)	-30.2%	6,141	2,505	40.8%
Fire Insurance Tax	91,000	91,000	-	(91,000)	-100.0%	114,235	(114,235)	-100.0%
Liquor Excise	495,593	495,593	610,509	114,916	23.2%	622,267	(11,758)	-1.9%
Liquor Profit	712,415	712,415	670,497	(41,918)	-5.9%	678,570	(8,072)	-1.2%
Total State Shared:	3,645,459	3,645,459	3,632,447	(13,012)	-0.4%	3,933,926	(301,479)	-7.7%
YE Total	\$ 7,410,275	\$ 7,410,275	\$ 7,967,969	\$ 557,694	7.5%	\$ 5,890,408	\$ 2,077,561	35.3%



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 the 2024 were \$10.7 million and were roughly \$338,000 or -3.1% less than expected for the year. This variance was found primarily in the General Government category.

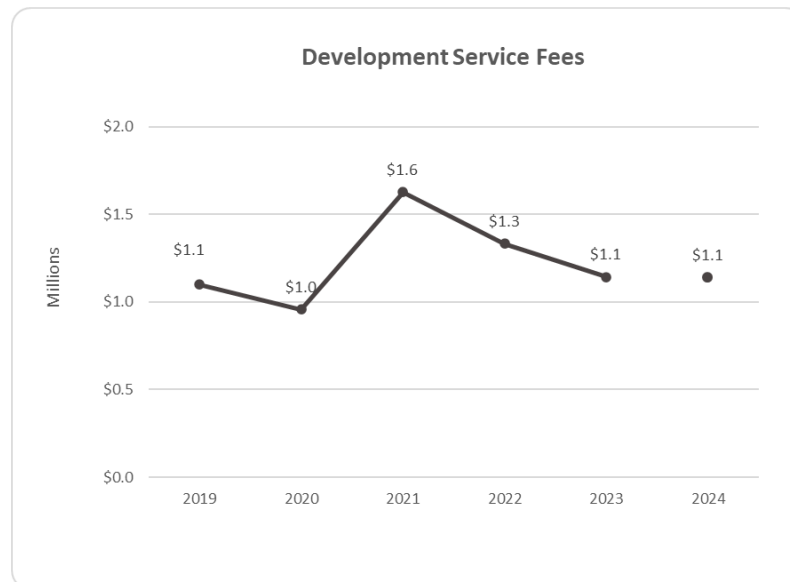
Charges for Services by Type Through December 2024								
Revenue	2024			Favorable (Unfavorable)		2023	2024 Actual vs. 2023 Actual	
	Annual Budget	YE Budget	YE Actual	Amount	Percentage	YE Actual	Amount	Percentage
General Government	\$ 5,824,577	\$ 5,824,577	\$ 4,532,458	\$ (1,292,119)	-22.2%	\$ 4,454,072	\$ 78,386	1.8%
Public Safety	1,094,160	1,094,160	1,644,675	550,515	50.3%	1,218,117	426,558	35.0%
Development Services	1,158,080	1,158,080	1,138,214	(19,866)	-1.7%	1,141,917	(3,702)	-0.3%
Culture & Recreation	2,975,485	2,975,485	3,399,314	423,829	14.2%	3,265,931	133,383	4.1%
Total	\$ 11,052,302	\$ 11,052,302	\$ 10,714,660	\$ (337,642)	-3.1%	\$ 10,080,036	\$ 634,624	6.3%

The *General Government* revenue category primarily includes the interfund assessment for support departments (Finance, Human Resources and Legal). Operating costs for these departments are charged to the respective General Fund home department and the portion of those costs that provide citywide benefit are recouped from other funds via interfund charges. General Government revenues also include fees for passport services, reimbursement from cities participating in the South King Housing and Homelessness Partners (SKHHP), as well as revenues related to certain transportation projects. Approximately \$1.2 million of the \$1.3 million variance is due to the deferral of SKHHP projects from 2024 to 2025. In 2024, these projects were planned to be paid from the General Fund and reimbursed by the SKHHP fiduciary fund; beginning in 2025, all SKHHP operating activity will occur in the fiduciary fund. Looking forward into 2025, the main source of revenues within this category will remain the interfund support department charges.

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 funds collected from the Auburn School District for services rendered. Compared to the annual budget, revenues were \$550,500 or 50.3% favorable.

Public safety revenues collected throughout 2024 totaled approximately \$1.6 million and saw a \$427,000 increase from 2023 totals. This is largely attributable to higher than expected law enforcement services revenue collected throughout the year, accounting for \$1.5 million or 94.8% of the total revenue collected in this category, an increase of \$477,600 or 44.2% from last year. DUI emergency response fees decreased from 2023 collections by \$46,800 or -37.5%, which slightly mitigated some of the favorable variance to prior year totals. The City expects continued growth in this revenue category next year.

Development Services fee collections consist primarily of plan check fees, facility extension charges, and zoning and subdivision fees. Through 2024, development service fees collected totaled \$1.1 million but were \$19,900 unfavorable to budget expectations. Within this category, unfavorable variances to annual budget existed in plan check fees (-\$27,000), environmental services (-\$27,000), and fees assessed on projects that require extension of public facilities (-\$13,700). Mitigating a portion of the unfavorable variance, zoning and subdivision fees ended 2024 with a favorable variance (+\$48,000). The overall unfavorable variance is an effect of the revenue regressing to the mean after an exceptional two-year period of high collections from 2021 through 2022. The City is estimating a 7% increase from 2024 budget for these revenues in 2025 due to an anticipated increase of plan check fees throughout next year.



Most of the *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 (currently being held at local high schools), senior programs, and special events. Overall, this category of revenues outperformed budget expectations by \$424,000 or 14.2%.

Over 50% of annual Culture and Recreation revenues have come from the Auburn Golf Course. Green fee revenues have increased by \$113,400 or 7.0% from last year and are favorable to budget by \$145,400 in 2024. The golf course collects roughly 65% of its total revenues during the peak months of May through September. Since 2018, green fee revenues have increased annually, seeing a large spike in 2020 through 2021, followed by modest increases in 2022 and 2023. Continuing this trend, the City anticipates continued modest growth in 2025 based on updated green fee rates.

Recreation classes represent a further 20.0% of annual culture and recreation collections and have generally remained consistent from prior year totals with \$687,500 in collections. Ticket sales for performances held at local school venues (previously held at the Auburn Avenue Theater) have decreased by \$20,000 or 18.0% from prior year totals but carry a favorable variance to budget by \$51,000. This is mainly due to the Performing Arts Center decreasing to two shows annually in 2024 compared to three shows in 2023. With continued community participation in recreational classes the City is expecting a slight increase in these revenues in 2025.



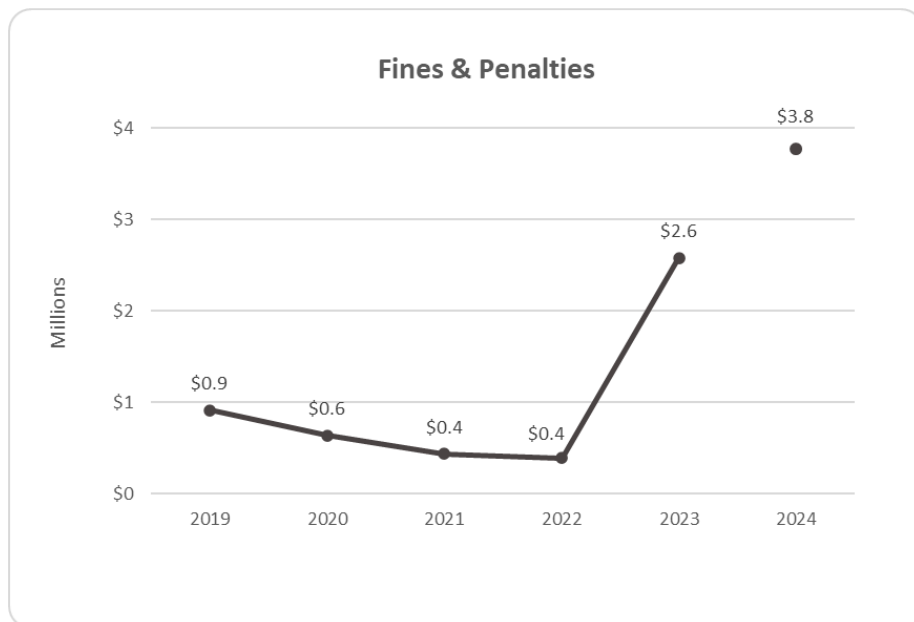
Fines & Penalties include civil penalties (such as code compliance fines), parking and traffic infraction penalties, criminal fines (including criminal traffic, criminal non-traffic, and other criminal offenses) as well as non-court fines such as false alarm fines. The table below shows a detailed breakdown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

Fines & Penalties by Type Through December 2024								
Revenue	2024			Favorable (Unfavorable)		2023	2024 Actual vs. 2023 Actual	
	Annual Budget	YE Budget	YE Actual	Amount	Percentage	YE Actual	Amount	Percentage
Civil Penalties	\$ 10,000	\$ 10,000	\$ 9,102	\$ (898)	-9.0%	\$ 1,786	\$ 7,316	409.7%
Civil Infraction Penalties	138,313	138,313	183,777	45,464	32.9%	138,221	45,556	33.0%
Photo Enforcement	3,000	3,000	407	(2,593)	-86.4%	1,817	(1,410)	-77.6%
Parking Infractions	733,506	733,506	2,701,857	1,968,351	268.3%	1,134,673	1,567,184	138.1%
Criminal Traffic Misdemeanor	40,000	40,000	46,862	6,862	17.2%	33,449	13,413	40.1%
Criminal Non-Traffic Fines	41,000	41,000	75,213	34,213	83.4%	49,967	25,246	50.5%
Criminal Costs	30,000	30,000	8,790	(21,210)	-70.7%	11,350	(2,559)	-22.5%
Non-Court Fines & Penalties	76,000	76,000	736,511	660,511	869.1%	1,087,180	(350,669)	-32.3%
Total	\$ 1,071,819	\$ 1,071,819	\$ 3,762,521	\$ 2,690,702	251.0%	\$ 2,458,443	\$ 1,304,078	53.0%

Total revenues collected throughout 2024 were \$3.8 million as compared to a budget of \$1.1 million and were 251.0% above budget expectations. This is primarily due to collections from the photo enforcement program (implemented in 2023), which are classified as parking infractions. These revenues were budgeted conservatively during the first full year of the program. 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 even stronger 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 \$324,000, approximately one-third of their annual 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.

Moving into 2025 the City is anticipating a slight decrease in photo enforcement revenues as the program progresses in its desired effect of encouraging safe driving. Furthermore, while the revenues will be receipted into the General Fund, the City will be transferring those funds into the General Transportation Fund that will fund pedestrian and street safety programs.



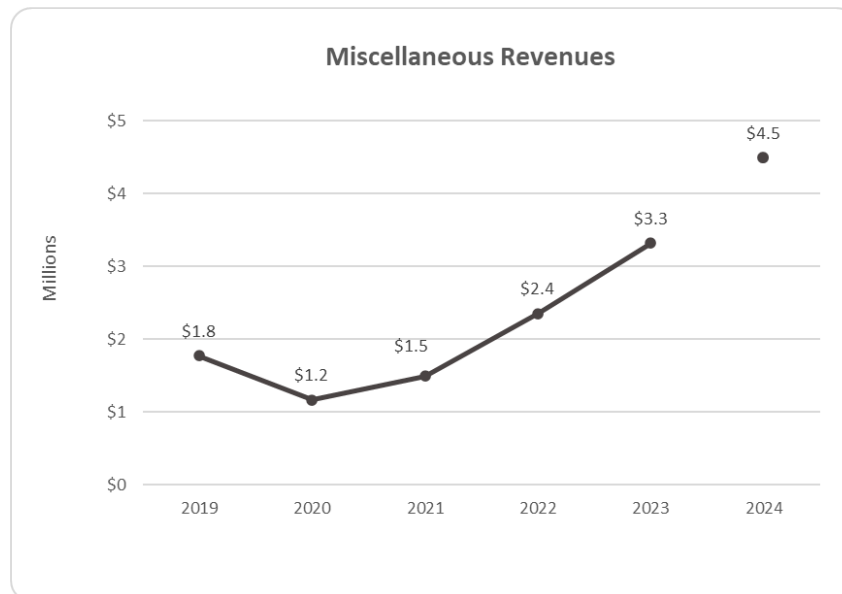
Miscellaneous Revenues consist of investment earnings, income from facility rentals, revenue collected for golf cart rentals at the Auburn Golf Course, contributions and donations, and other income including the quarterly purchasing card (P-card) rebate monies. A breakdown of the most significant miscellaneous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

Miscellaneous Revenues by Type Through September 2024								
Revenue	2024			Favorable (Unfavorable)		2023	2024 Actual vs. 2023 Actual	
	Annual Budget	YE Budget	YE Actual	Amount	Percentage	YE Actual	Amount	Percentage
Interest & Investments	\$ 315,000	\$ 315,000	\$ 2,218,003	\$ 1,903,003	604.1%	\$ 1,600,133	\$ 617,871	38.6%
Rents & Leases	1,152,948	1,152,948	1,394,828	241,880	21.0%	1,229,495	165,333	13.4%
Contributions & Donations	42,000	42,000	24,030	(17,970)	-42.8%	29,420	(5,391)	-18.3%
Other Miscellaneous Revenue	258,000	258,000	850,739	592,739	229.7%	457,129	393,610	86.1%
Total	\$ 1,767,948	\$ 1,767,948	\$ 4,487,600	\$ 2,719,652	153.8%	\$ 3,316,177	\$ 1,171,423	35.3%

Revenues collected throughout 2024 in this category totaled \$4.5 million and were \$2.7 million or 153.8% favorable to budget. Of the overall favorable variance to budget, 70.0% 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 of the year. Referring to the investment portfolio table in this report, four investments are set to mature throughout 2025.

The rents and leases category includes payments for facility rentals, golf cart rentals, and the restaurant lease at the golf course. Rents and leases were favorable by \$242,000 against 2024 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 \$96,000, 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. Throughout the year, rents and leases were \$165,300 above 2023 collections, as the City has seen increased numbers of events that request the use of City facilities.

The “Other Miscellaneous Revenue” sub-category reported \$394,000 more than last year and was favorable to the annual budget by \$592,700. This category includes \$406,500 in revenue related to a national opioid settlement distribution program.



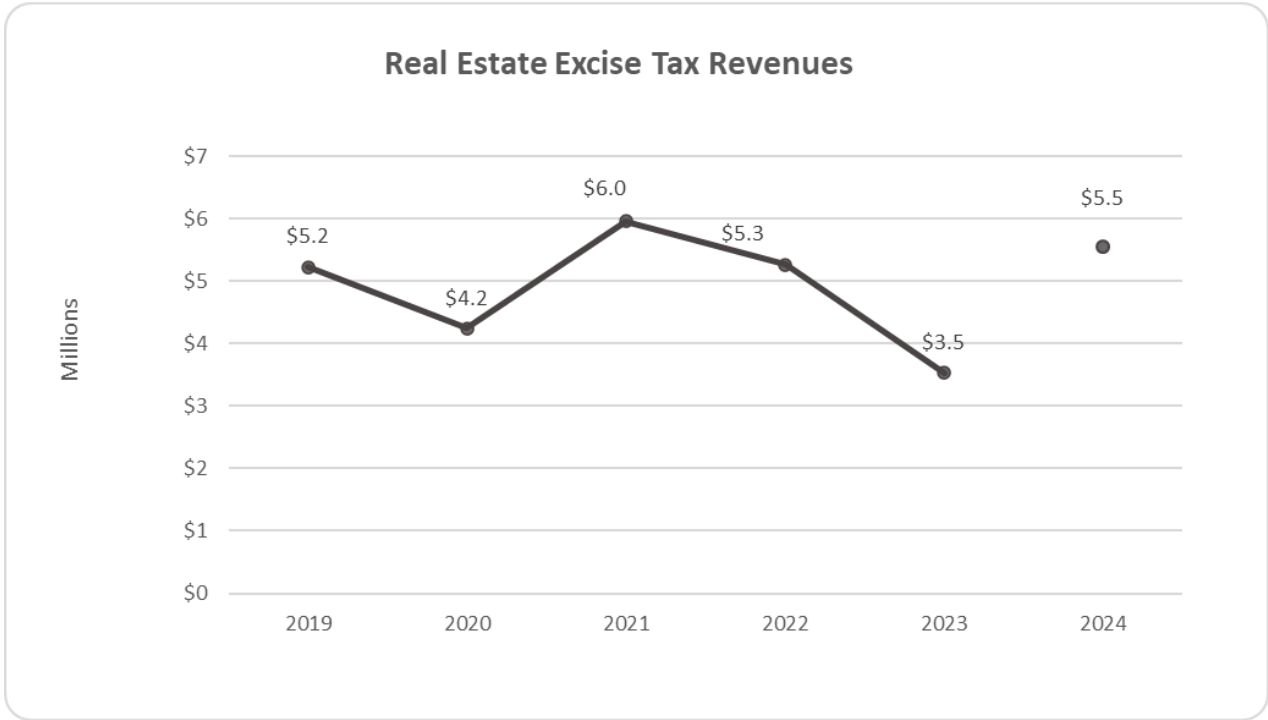
OTHER FUNDS

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

REET revenues collected during the 2024-year total \$5.5 million, which is roughly \$3.3 million or 59.8% favorable to budget expectations. According to King County assessed valuations of property taxes, the City has increased in property value by 2.3% from 2023 assessments. Accompanied with lower interest rates currently, the current climate for real estate sales is favorable.



Annual REET collections in 2024 significantly outpaced those of last year, and have only been exceeded in the last ten years by 2021 annual 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. In 2024, the federal funds rate began decreasing September, and the second half of the year saw increased collections compared to the first half. 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.



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 was to mitigate the cost of providing public safety services throughout the City. The City has expended all \$14.75 million as of Q1-2024, 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. Throughout 2024, the City has been able to spend \$2.5 million, for a total of \$6.9 million since 2021 on the following projects:

Title	Budget	2024		
		Q4 Spend	Lifetime Spend (includes this quarter)	Remaining
Completed Projects	2,745,359	-	2,745,358	-
Neighborhood Street Light Program	1,300,000	244,756	339,292	960,708
Neighborhood Traffic Calming	200,000	(9,032)	9,464	190,536
Recreation Access Grants	150,000	236	886	149,114
Human Services Grants Includes Admin	1,000,000	-	445,882	554,118
Theater	389,700	-	-	389,700
Tyler Tech MUNIS Financial Implementation	301,500	-	-	301,500
Paving Gravel Roads	135,000	114,297	135,000	-
2023 Local Street Preservation	501,886	48,167	48,167	453,719
Translation Services	25,000	-	1,685	23,315
Cyber Security Locks	50,000	-	-	50,000
Auburn Way South Median Landscape Replanting/Irrigation	50,000	-	40,187	9,814
Auburn Way South Roundabout	150,000	33,380	52,840	97,160
Emergency Housing Voucher Program	2,000,000	83,102	575,882	1,424,118
DEI Dashboard (Inclusive Auburn)	130,000	-	92,805	37,195
Duct cleaning in applicable buildings	150,000	184,219	150,000	-
Encampment Cleanup	500,000	4,536	456,403	43,597
Downtown Sidewalk Replacement on Main Street and B Street Plaza Surface Replacement	1,819,409	258,795	612,828	1,206,581
Cameras in qualified census tracts	150,000	137,875	150,000	-
Community Violence Intervention Programs (Drone, SPIDR Tech)	236,248	33,561	204,436	31,812
Arts Culture Center Renovations	100,000	-	-	100,000
Auburn Ave Theater Demolition	490,000	406,071	437,771	52,229
Signing Bonuses for Police Lateral Hires	200,000	22,245	200,000	-
Other Projects (not started)	1,977,130	-	-	1,977,130
Total:	14,751,231	1,562,207	6,798,885	7,952,346

The project *Downtown Sidewalk Replacement on Main Street and B Street Plaza Surface Replacement* (cp2321) 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 finalizing the design of the proposed improvements and anticipates completing the design in the first quarter of 2025, with construction to begin in the second quarter of 2025. Total spend of this project so far is \$612,828 with \$258,795 spent in the fourth quarter.

The *DEI Dashboard* project was initiated in the third quarter, with the Office of Equity entering 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. 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 \$575,882, with \$83,102 occurring in Q4-2024. Throughout 2024, this project helped house 35 individuals.

The *Auburn Avenue Theater Demolition* project was budgeted at \$490,000. The project demolished the existing Auburn Avenue Theater building, provided support to the shared wall with the adjacent building, and disconnected existing utilities. The Auburn Avenue Theater building demolition was completed on November 15, 2024. The lifetime project cost through 2024 is \$437,771.

Street Funds

This section provides a financial overview of the City's three street funds for the period ending December 31, 2024. The City's street funds are the Arterial Street Fund (Fund 102), the Local Street Fund (Fund 103), and the Arterial Street Preservation Fund (Fund 105). As noted in the Street Funds Overview section above, variances between budget and actual amounts are generally driven by the schedule and level of activity on projects in the fund, as well as the timing of grant reimbursements and other funding. As many projects in these funds moved into the construction phase in 2024, it is expected that there would be increased activity in both expenditures and revenues to reflect these progressions.

Fund 102 – Arterial Street Fund

The Arterial Street Fund is a special revenue fund that is funded primarily by transportation grants, traffic impact fees, a portion of the City's gas tax receipts, Public Works Trust Fund loans, and developer contributions. As of December 31, 2024 there were 26 separate street projects budgeted in this fund.

Revenues collected in 2024 totaled \$6.8 million compared to 2023 collections of \$3.0 million. Total expenditures in 2024 were \$6.5 million compared to \$3.4 million in the prior year. These increases year-over-year are consistent based on the status of capital projects at the end of 2023. Variances in revenues and expenditures are largely due to the timing of capital expenditures and any subsequent reimbursement via grants, intergovernmental loans and/or operating transfers. Expenditure timing is generally determined by the current phase of each individual capital project; expenditures tend to increase as projects move from the design phase into the construction phase.

Fund 102 - Arterial Street Fund					
Summary of Sources and Uses Through December 2024					
	2024		Favorable (Unfavorable)		2023
	YE Budget	YE Actual	Amount	Percentage	YE Actual
Revenues					
Federal Grants	\$ 5,296,661	\$ 2,267,341	\$ (3,029,320)	(57.2) %	\$ 312,329
State And Local Grants	7,471,713	1,022,186	(6,449,527)	(86.3) %	517,951
Motor Vehicle Fuel and Multimodal Taxes	620,000	582,810	(37,190)	(6.0) %	645,238
Miscellaneous Revenue	3,020,000	1,394,435	(1,625,565)	(53.8) %	256,353
Operating Transfer In	7,004,370	1,385,912	(5,618,458)	(80.2) %	889,996
Contributions & Donations	125,000	-	(125,000)	(100.0) %	332,000
Investment Income	23,000	103,526	80,526	350.1 %	93,986
Total Revenues	\$ 23,560,744	\$ 6,756,209	\$ (16,804,535)	(71.3) %	\$ 3,047,854
Expenditures					
Salary and Benefits	\$ -	\$ 539,750	\$ (539,750)		\$ 491,171
Capital Outlay	25,192,264	5,433,551	19,758,713	78.4 %	2,543,365
Subtotal - Capital Project Expenditures	25,192,264	5,973,302	19,218,962	76.3 %	3,034,536
Services and Charges	195,000	256,821	(61,821)	(31.7) %	134,186
Interfund Payments for Services	29,000	29,004	(4)	(0.0) %	28,404
Debt Service Principal and Interest	204,800	204,650	150	0.1 %	205,345
Operating Transfer Out	-	-	-		-
Total Expenditures	\$ 25,621,064	\$ 6,463,777	\$ 19,157,287	74.8 %	\$ 3,402,470
Net Change in Fund Balance	\$ (2,060,320)	\$ 292,432	\$ 2,352,752	114.2 %	\$ (354,617)

Beg. Fund Balance, January 2024	\$ 2,279,131
Net Change in Fund Balance, December 2024	292,432
Ending Fund Balance, December 2024	\$ 2,571,563

2024 Budgeted Ending Fund Balance \$ 218,811

The table below presents the status of the projects with the most significant budget impact on the fund. Many capital projects are budgeted over multiple years; what is displayed below is the 2024 portion of each project's budget and annual expenditures.

Fund 102 - Arterial Street				
Capital Projects Status (rounded)				
Name	2024 Budget	YE Actual	Remaining	% of Budget
Regional Growth Center Access Imp	\$ 8,790,000	\$ 1,890,000	\$ 6,900,000	35%
AWS Imp. -Hemlock St SE to Poplar St SE	4,740,000	820,000	3,920,000	19%
A Street Loop	1,830,000	1,610,000	220,000	7%
East Valley Highway Widening	1,570,000	60,000	1,510,000	6%
10th St NW & A St NW Intersection Improv	1,550,000	450,000	1,090,000	6%
All Other Projects (21 Remaining)	6,720,000	1,140,000	5,580,000	27%
Total	\$ 25,200,000	\$ 5,970,000	\$ 19,220,000	

The A Street Loop project was completed in 2024. The remaining projects noted above entered the construction phase in 2024 and are expected to continue into 2025 as planned.

Fund 103 – Local Street Fund

The Local Street Fund is a special revenue fund used for local street repair and is funded by interfund transfers on a project-reimbursement basis, as well as the streets funds portion of utility tax revenue (2.5%).

Revenues collected in 2024 totaled \$4.6 million compared \$3.2 million recorded in 2023. This \$1.4 million increase was driven mainly by increased collections of interfund utility taxes compared to the prior year (+\$963,000) as well as a \$301,000 increase in interest earnings. Total expenditures in 2024 were \$2.1 million compared to \$210,000 in the prior year. Similar to the Arterial Street Fund, this increased activity is consistent with the City's expectation of the status of capital projects at the end of 2024. Most projects entered the construction phase during the year, which is the primary cause of the increase in expenditures and the collection of sales tax related to construction.

Highlighted in the table below and shown in the following graph are the fund's total expenditures related to capital projects.

Fund 103 - Local Street Fund					
Summary of Sources and Uses Through December 2024					
	2024		Favorable (Unfavorable)		2023
	YE Budget	YE Actual	Amount	Percentage	YE Actual
Revenues					
Interfund Utility Taxes	\$ 889,500	\$ 1,870,306	\$ 980,806	110.3 %	\$ 907,435
Electric Utility Tax	\$ 885,300	\$ 939,274	53,974	6.1 %	\$ 888,726
Natural Gas Utility Tax	331,700	257,890	(73,810)	(22.3) %	293,955
Cable TV Tax	176,200	118,005	(58,195)	(33.0) %	-
Telephone Utility Tax	87,200	137,436	50,236	57.6 %	100,088
Garbage Utility Tax (External Haulers)	10,300	201,314	191,014	1854.5 %	412,856
Miscellaneous Revenue	-	2,400	2,400		8,704
Operating Transfer In	1,300,329	699,392	(600,937)	(46.2) %	345,780
Interest Earnings	15,900	300,843	284,943	1792.1 %	210,547
Total Revenues	\$ 3,696,429	\$ 4,526,860	\$ 830,431	22.5 %	\$ 3,168,092
Expenditures					
Capital Salary and Benefits	-	166,710	(166,710)		49,499
Capital Outlay	5,886,738	1,916,554	3,970,184	67.4 %	159,424
Subtotal - Capital Project Expenditures	5,886,738	2,083,264	3,803,474	64.6 %	208,923
Interfund Payments for Services	1,300	1,296	4	0.3 %	1,296
Operating Transfer Out	-	-	-		-
Total Expenditures	\$ 5,888,038	\$ 2,084,560	\$ 3,803,478	64.6 %	\$ 210,219
Net Change in Fund Balance	\$ (2,191,609)	\$ 2,442,300	\$ 4,633,909	211.4 %	\$ 2,957,873

Beg. Fund Balance, January 2024	\$ 6,372,457
Net Change in Fund Balance, December 2024	2,442,300
Ending Fund Balance, December 2024	\$ 8,814,757

2024 Budgeted Ending Fund Balance \$ 4,180,848

The table below presents the status of the five active projects in Fund 103. Many capital projects are budgeted over multiple years; what is displayed below is the 2024 portion of each project's budget and annual expenditures.

Fund 103 - Local Street Capital Projects Status (rounded)				
Name	2024 Budget	YE Actual	Remaining	% of Budget
2023 Local Street Preservation	\$ 2,060,000	\$ 1,080,000	\$ 980,000	35%
Local Street Improvement Prog	1,700,000	-	1,700,000	29%
D St SE & 23rd St SE Storm Improvements	710,000	900,000	(190,000)	12%
2026 Local Street Preservation	520,000	10,000	510,000	9%
2025 Local Street Preservation	350,000	90,000	260,000	6%
All Other Projects (3 Remaining)	460,000	-	460,000	8%
Total	\$ 5,800,000	\$ 2,080,000	\$ 3,720,000	

Both the 2023 Local Street Preservation and D St SE & 23rd St SE Storm Improvements projects were completed as of December 31, 2024. The remaining projects illustrated above are expected to continue or enter the construction phase in 2025.

Fund 105 – Arterial Street Preservation Fund

The Arterial Street Preservation Fund is a special revenue fund that historically had been funded by a portion of the utility tax collected by the City. Beginning in 2023, this funding was replaced by a 0.1% sales and use tax enacted by the City's Transportation Benefit District (TBD) via Ordinance 6881. To ensure that restricted TBD revenues remain in the Arterial Street Preservation Fund, the streets funds' portion of utility tax revenues are now receipted entirely into the Local Street Fund and transferred to the Arterial Street Preservation Fund on an as-needed basis.

As a result of the changes that occurred in 2023, revenues for the Arterial Streets Preservation Fund in 2024 were \$411,000 higher than the previous year's total of \$3.6 million. The Public Transportation Sales & Use Tax (TBD revenue) was \$455,000 higher through December 2024 than through the same period last year, and brought in \$555,000 more revenue than what was anticipated for the current year. Additional sources contributing to this increase included grant revenue, which was \$673,000 higher through December 2024 compared to the prior year.

Expenditures in 2024 totaled \$4.3 million compared to \$1.6 million in 2023. Historically, the majority of this fund's expenditures occur in the second half of each year due to the weather sensitivity of pavement construction, which needs to be done primarily in the summer and early fall. Similar to the other streets funds, many projects entered the construction phase in 2024, which had a direct impact on total expenditures and subsequent grant reimbursements.

Highlighted in the table below and shown in the following graph are the fund's total expenditures related to capital projects.

Fund 105 - Arterial Street Preservation Fund					
Summary of Sources and Uses Through December 2024					
	2024		Favorable (Unfavorable)		2023
	YE Budget	YE Actual	Amount	Percentage	YE Actual
Revenues					
City Utility Tax	\$ 1,334,300	\$ -	\$ (1,334,300)	(100.0) %	\$ 825,368
Cable TV Tax	-	41,701	41,701		181,859
Public Transportation Sales & Use Tax	2,100,000	2,655,210	555,210	26.4 %	2,199,743
Grants	3,992,122	766,752	(3,225,370)	(80.8) %	94,050
Transportation	141,092	361,768	220,676	156.4 %	104,518
Developer Mitigation Fees	288,465	-	(288,465)	(100.0) %	-
Operating Transfer In	-	-	-		-
Interest Earnings	18,800	210,947	192,147	1022.1 %	219,029
Total Revenues	\$ 7,874,779	\$ 4,036,378	\$ (3,838,401)	(48.7) %	\$ 3,625,362
Expenditures					
Salary and Benefits	\$ -	\$ 412,545	\$ (412,545)		\$ 338,138
Capital Outlay	10,202,176	3,751,436	6,450,740	63.2 %	1,248,874
Subtotal - Capital Project Expenditures	10,202,176	4,163,981	6,038,195	59.2 %	1,587,012
Supplies	-	-	-		-
Services and Charges	400,000	125,473	274,527	68.6 %	53,552
Operating Transfer Out	185,000	-	185,000	100.0 %	-
Total Expenditures	\$ 10,787,176	\$ 4,289,454	\$ 6,497,722	60.2 %	\$ 1,640,564
Net Change in Fund Balance	\$ (2,912,397)	\$ (253,075)	\$ 2,659,322	(91.3) %	\$ 1,984,798

Beg. Fund Balance, January 2024	\$ 5,773,021
Net Change in Fund Balance, December 2024	(253,075)
Ending Fund Balance, December 2024	\$ 5,519,946

2024 Budgeted Ending Fund Balance \$ 2,860,624

The table below presents the status of the projects with the most significant budget impact on the fund. Many capital projects are budgeted over multiple years; what is displayed below is the 2024 portion of each project's budget and annual expenditures. As noted above, many projects saw increased expenditure activity in 2024 as they entered the construction phase.

Fund 105 - Arterial Street Preservation				
Capital Projects Status (rounded)				
Name	2024 Budget	YE Actual	Remaining	% of Budget
C St SW Presrv (W Main to GSA Signal)	\$ 3,600,000	\$ 80,000	\$ 3,520,000	37%
R Street SE Preservation	1,920,000	1,970,000	(50,000)	19%
2024 Arterial Street Preservation	1,410,000	1,130,000	290,000	14%
Lake Tapps Pkwy/Sumner -Tapps Hwy E Prsv	1,330,000	840,000	480,000	13%
All Other Projects (14 Budgeted)	1,590,000	150,000	1,440,000	16%
Total	\$ 9,850,000	\$ 4,170,000	\$ 5,680,000	

Fund 124 – Mitigation Fees

The Mitigation Fees Fund is a special revenue fund for fees that are assessed at the time applications are received for development activity. These revenues are used to address costs associated with City growth. The fund houses two types of revenues: mitigation fees and impact fees.

Mitigation fees are variable charges collected as a result of State Environmental Policy Act (SEPA) reviews and the City's determination that a project must pay additional fees to compensate for a unique effect that it has on the community.

Impact fees are set charges collected automatically for a variety of projects. These fees are adopted annually by the City Council based on projects anticipated in the Capital Facilities Plan over the next six years. School and Fire Impact fees are collected and reitmted on behalf of the Valley Regional Fire Authority, Auburn School District, Kent School District, Federal Way School District, and Dieringer School District.

Expenditures from these funds consist of transfers out to capital project funds to help support the cost of transporation and parks capital projects. The projects funded from impact and mitigation fee are new or enhanced services necessary to absorb the impact of development.

In 2024, the City received \$1.7 million in mitigation and impact revenues, largely driven by commercial transportation impact fees (\$799,000), parks impact fees (\$175,000) and interest and investment income (\$678,000).

Overall, the fund experienced a \$9.0 million favorable variance to budget driven by lower-than-budgeted expenditures (-\$8.9 million) and marginally higher than budgeted revenues (+\$73,000). Similar to the various streets funds, expenditure budget-to-actual variances are largely driven by project timing. The underspend in this fund is the result of timing differences of multiple capital projects funded by mitigation and/or impact fee revenues.

Fund 124 - Mitigation Fees Summary of Sources and Uses Through December 2024							
Fee Type	Budget		YE Actuals			Favorable (Unfavorable) Variance	
	Revenues	Expenditures	Revenues	Expenditures	Ending Fund Balance	Revenues	Expenditures
Transportation Impact Fees	\$ 1,300,000	\$ 6,470,159	\$ 798,683	\$ 1,166,604	\$ 10,501,980	\$ (501,317)	\$ 5,303,555
Traffic Mitigation Fees	-	150,000	-	150,000	(3,286)	-	-
Fire Impact Fees	125,000	75,000	17,891	-	398,907	(107,109)	75,000
Fire Mitigation Fees	-	-	-	-	81	-	-
Parks Impact Fees	150,000	4,236,630	175,000	645,355	4,125,653	25,000	3,591,275
Parks Mitigation Fees	-	-	-	-	198,397	-	-
School Impact Admin Fees	5,000	-	2,804	-	110,180	(2,196)	-
Wetland Mitigation Fees	-	-	-	-	2,190	-	-
Truck Impact Fees	-	-	152	-	41,053	152	-
Interest and Investment Income	20,100	-	678,241	-	678,241	658,141	-
Fees in Lieu of Improvements	-	-	-	-	28,882	-	-
Permit Processing Fees	-	-	-	-	-	-	-
Total	\$ 1,600,100	\$ 10,931,789	\$ 1,672,771	\$ 1,961,959	\$ 16,082,278	\$ 72,671	\$ 8,969,830

Beginning Fund Balance, January 2024 \$ 16,371,466

Net Change in Fund Balance, December 2024 (289,188)

Estimated Ending Fund Balance, December 2024 \$ 16,082,278

Enterprise Funds

Detailed income and expense statements for Enterprise and Internal Service funds can be found in an attachment at the end of this report. The attachment provides operating and – as applicable – capital fund reports for these funds showing budget, actuals, and variances.

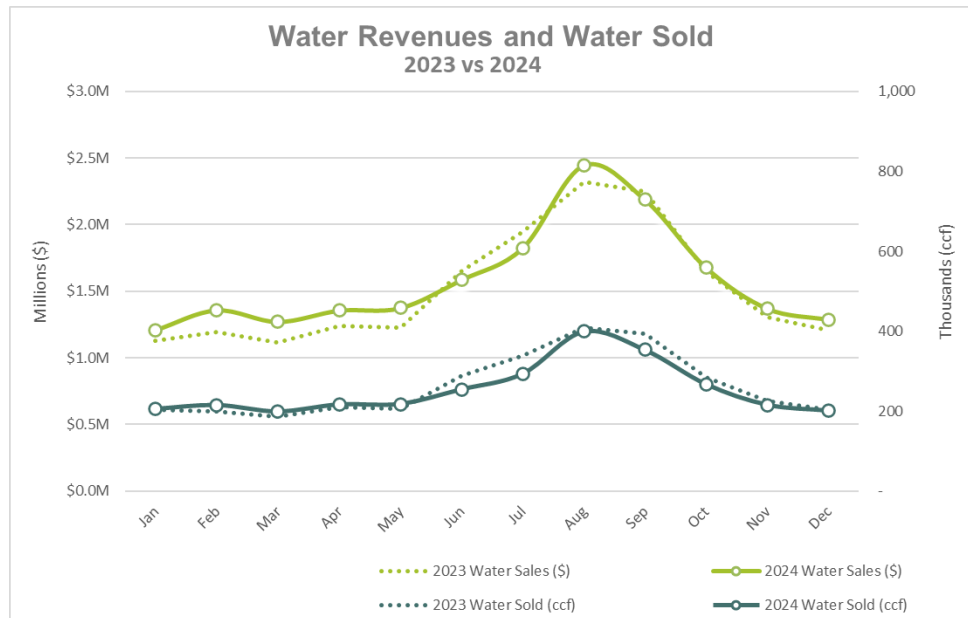
Utility activities are divided between operating funds and capital sub-funds. Operating funds house all the operating costs along with debt service and financing obligations. Capital funds show costs associated with capital acquisition and construction. Both the operating and capital funds have a working 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. When considering the utility as a whole, both the operating fund and capital sub-fund must be taken into account.

Through December 2024, the **Water Utility Fund** outperformed budget expectations with a favorable variance of \$1.2 million in revenues. Water sales increased \$663,000 from \$18.5 million in 2023 to \$19.2 million in 2024. Interest earnings increased \$55,000 compared to the prior year, which is consistent with overall continued increases in the City's cash and investments balances.

The Water Utility Fund also experienced a \$1.3 million favorable variance to budget for operating expenditures across all categories, except for supplies (-79,000). Compared to expenditures reported in 2023, operating expenditures increased by \$337,000, mainly due to increases in personnel costs (+\$75,000), public utilities charges (+\$122,000), utilities interfund and excise taxes (+\$120,000), and interfund allocations (+\$53,000).

In 2024, the Water Utility Fund had operating income (operating revenues less operating expenditures) of \$7.7 million, approximately \$337,000 above the same period last year. When combined with non-operating income and the activities of the capital sub-fund, the utility's total working capital decreased by \$1.5 million. Despite the reduction, ending working capital for the Water Utility Fund was \$13.3 million favorable to budget, due to the favorable variances noted above in operating revenues (+\$1.3 million), operating expenditures (-\$1.3 million), and lower than anticipated capital project spend due to scheduling delays (-\$14.0 million). Given the lower project spend in 2024, actual grant revenues received were also lower than budgeted (-\$2.5 million), which partially offset these favorable variances.

Billable water consumption in 2024 totaled 3.0 million ccf (ccf = hundred cubic feet), approximately 112,000 ccf, or 4%, lower than consumption volume through 2023. Compared to the prior year, the largest volume decreases occurred in irrigation and single-family accounts. Note that increased water rates contributed to the increase in water sales revenue compared to the prior year, despite the slight decreases in consumption.



Through the end of 2024, the **Sewer Utility Fund** finished with operating income of \$5.2 million, a \$522,000 increase compared to \$4.7 million through the same period last year. Net of non-operating activity, to include increased capital project activity, the utility experienced an overall increase in working capital of \$4.2 million.

Operating revenues were up \$857,000, or 7.6%, from the same period last year due to stronger performance in charges for City sewer service and interest earnings. Charges for service increased \$541,000 from \$10.3 million through 2023 to \$10.8 million through 2024, and interest earnings increased \$317,000 during that same period. This increase in activity is also reflected in a favorable to budget variance in revenues of \$2.4 million.

Operating expenditures were favorable to budget by \$3.0 million in 2024, driven primarily by a favorable to budget variance in other service charges of \$2.7 million due to the elimination of utility tax charges on pass-through revenues for King County Metro Sewer service.

Although total operating expenditures were favorable to budget in 2024, actual expenditures did increase from \$6.6 million in 2023 to \$6.9 million in 2024. This was due in part to increased personnel costs (+\$54,000), supplies (+\$40,000), other miscellaneous expenditures such as utility taxes (+\$116,000), while interfund support charges decreased slightly (-\$29,000).

Ending working capital for the Sewer Utility Fund was \$14.8 million favorable to budget, due to the favorable variances noted above in operating revenues (+\$2.4 million), operating expenditures (-\$3.0 million), and lower than anticipated capital project spend due to scheduling delays (-\$8.6 million).

In 2024, the **Stormwater Utility Fund** had a favorable budget variance in operating revenues of \$2.0 million, driven by charges for service (+\$1.5 million) and interest revenue (+\$667,000). Compared to 2023, operating revenues were up \$688,000, driven by an increase in charges for storm service (+\$815,000) and partially offset by decreases in miscellaneous revenues (-\$20,000) and interest earnings (-\$82,000). As most stormwater service charges are based on a flat rate, there are not typically seasonal fluctuations in this revenue. Accordingly, service charge

revenues reported throughout 2024 generated on average \$3.1 million each quarter for a total of \$12.6 million through December 2024.

Operating expenditures saw a \$253,000 favorable variance to budget, due to lower than budgeted expenditures in other service charges and personnel costs. In 2024, operating expenditures of \$9.9 million were \$513,000 higher compared to the same period last year. Most of this increase is due to higher personnel (+\$414,000), and miscellaneous other service charges (+\$78,000) such as utility and excise taxes compared to 2023.

Overall, the Stormwater Utility recorded operating income of \$3.4 million compared with \$3.3 million in the same period last year. The fund finished the year with an overall reduction in net working capital of \$1.6 million, due to increased capital project expenditures. Ending working capital for the Stormwater Utility Fund was \$14.4 million favorable to budget, due to the favorable variances noted above in operating revenues (+\$2.0 million), operating expenditures (-\$253,000), and lower than anticipated capital project spend due to scheduling delays (-\$12.0 million).

The **Solid Waste Utility Fund** finished 2024 with a favorable operating income budget variance of \$1.3 million, due to favorable variances in revenues (+\$374,000) and expenditures (-\$907,000).

Service charges generated the majority of \$31.0 million in operating revenues for 2024, which increased \$2.0 million compared to 2023 mainly due to increased service rates. Operating income for the year was \$620,000, a significant increase compared to the operating loss of \$549,000 in 2023.

Operating expenditures increased \$875,000 from \$29.5 million in 2023 to \$30.3 million in 2024. This increase was driven by an increase in payments to the City's contracted solid waste provider (+\$817,000) along with litter crew services (+\$461,000). These increased costs were partially offset by decreases in personnel costs due to the dissolution of the City's internal litter crew (-\$181,000).

The current mix of solid waste customer account types is:

- 92.4% Residential
- 6.0% Commercial
- 1.6% Multifamily

In total, tonnage collected decreased from 68,344 in 2023 to 65,914 in 2024. The "diversion rate" is a measure of how much generated waste is not sent to the landfill, i.e., waste that is either recycled or collected yard waste. Through December 2024, the total diversion rate was 27.4%, which represents a total of 18,060 tons of waste that was diverted from landfills.

In the **Airport Fund**, there is a direct correlation between supply costs for fuel for resale and revenues for fuel sales, and that is reflected in the fund's activity in the current year. In 2024, the Airport Fund experienced an unfavorable budget variance of \$110,000 in operating revenues and a favorable variance of \$124,000 in operating expenditures, resulting in an overall favorable variance of \$15,000. The unfavorable revenue variance was driven by lower-than-anticipated charges for service revenue (-\$171,000) and was partially offset by higher interest earnings (+\$46,000). The favorable to budget operating expenditure variance was driven by cost savings in supplies, primary fuel for resale (-\$137,000).

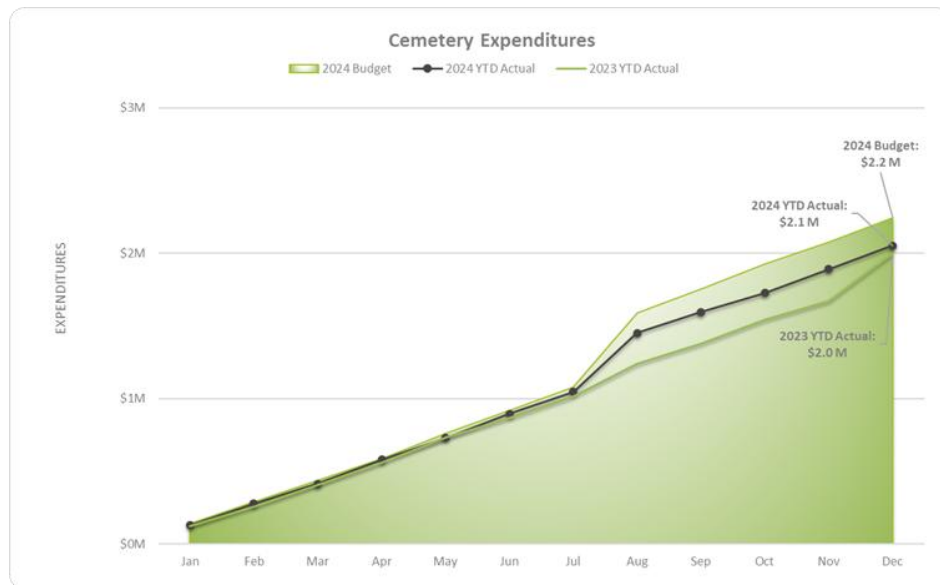
Operating income was \$354,000, approximately \$22,000 lower than operating income in the previous year. The primary driver of this decrease is lower interest earnings (-\$39,000), which were offset by decreased operating expenses (-\$9,000). Charges for service were \$1.9 million in 2024, which is a minimal increase (+\$3,000) from the prior year. While personnel costs increased \$41,000 compared to the previous year, along with miscellaneous service charges (+\$13,000), these increases were offset by cost savings in supplies (-\$69,000). In all, the Airport Fund saw a reduction in working capital of \$230,000 in 2024, due mainly to increased activity related to the fund's capital projects.



The **Cemetery Fund** saw favorable budget variances both operating revenues (+\$393,000) and expenditures (-\$71,000) in 2024, resulting in a favorable operating income budget variance of \$464,000.

In 2024, the Cemetery Fund saw a decrease of \$178,000 in working capital, compared to an increase of \$104,000 in the prior year. This decrease was driven in part by increased activity related to the fund's capital projects, which were substantially completed in 2024. Total operating income decreased \$232,000 from \$318,000 in 2023 to \$86,000 in 2024, driven primarily by a decrease of \$161,000 in charges for service, as well as a \$12,000 decrease in interest earnings.

Additionally, the fund saw increases in operating expenditures (+\$60,000) compared to the prior year. The increase in operating expenditures from 2023 was driven by increases in personnel costs (+\$91,000), other service charges (+\$36,000) and interfund cost allocation for support services (+\$9,000). These increased expenses were partially offset by savings in supplies expenditures (-\$76,000).



Internal Service Funds

Compared to the prior year, operating revenues in the **Innovation & Technology Fund** increased \$262,000 from \$8.8 million in 2023 to \$9.0 million in 2024. As an internal service fund, these revenues are generated through charges to other City departments to sufficiently cover anticipated expenditures.

Overall, this fund had a budgeted operating loss of \$2.4 million in 2024; however, due to timing differences between budgeted expenditures for software replacements and actual spend, the fund recorded operating income of \$111,000 instead. We expect these planned replacements and related expenditures to occur in 2025.

The **Equipment Rental Fund** saw an \$832,000 reduction in operating income from 2023, due almost entirely to a decrease in insurance recoveries from 2023 to 2024. Given the unexpected nature of insurance recoveries, it is not unusual for there to be wide fluctuations year-over-year in these accounts.

The fund also saw a \$610,000 favorable budget variance in operating income for the same period, due to higher than anticipated interest earnings (+\$340,000), gains on the sales of fixed assets (+\$187,000), and lower than anticipated operating expenditures (-\$194,000).

No significant variances were reported in the **Workers' Compensation, Insurance, or Facilities Funds** through 2024.

Contact Information

This report is prepared by the Finance Department. Additional financial information can also be viewed on the City's website: <http://www.auburnwa.gov/>. For any questions about this report please contact Jamie Thomas at jdthomas@auburnwa.gov.