

## AGENDA BILL APPROVAL FORM

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**Agenda Subject:**

1st Quarter 2025 Financial Report (Thomas) (20 minutes)  
Financial Report through March 31, 2025

**Meeting Date:**

July 14, 2025

**Department:**

Finance

**Attachments:**

2025 Q1 Financial Update,  
Financial Report through March  
2025 (FINAL)

**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 March 31, 2025, based on financial data available as of May 10, 2025.

**Councilmember:** Kate Baldwin

**Staff:** Jamie Thomas

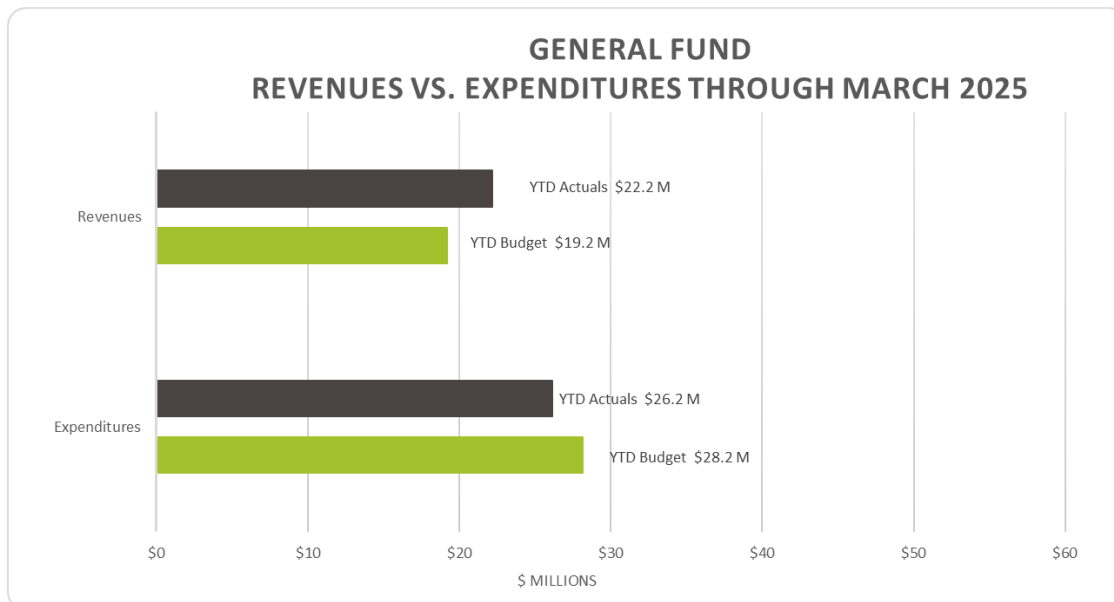
This report provides an overview of the City's overall cash-basis financial position for the fiscal period ending March 31, 2025, reflecting data available as of May 10, 2025. References to budget, actual and prior year amounts reflect year-to-date numbers, unless otherwise stated. Year-to-date budget expectations are generally based on the two prior years of data.

### General Fund Overview

Although 2024 ended favorable to both revenue and expenditure projections, the new year has begun with a higher degree of uncertainty. The City anticipates that the favorable variances at the seen in prior years will diminish in magnitude this year. With the adoption of Ordinance #6948 last November, the 2025 annual budget consists of \$103.4 million in revenues and \$109.1 million in expenditures - a planned decrease in General Fund balance of \$5.8 million.

Through the first quarter of 2025, the General Fund outperformed revenue expectations by \$3.0 million or 16%. However, the General Fund has collected \$4.2 million or 16% less revenue year-to-date than the same period in 2024, mainly due to the final transfer in of ARPA monies last year. A large contributor to the favorable variance to budget outcome is Business and Occupation (B&O) tax revenue; through the first quarter the City collected \$3.4 million in B&O taxes, which includes back dated collections. Despite strong first-quarter performance, the City anticipates B&O revenues will decline from a high point of \$11.6 million in 2024 as payments related to prior periods decrease. The City also approved an expansion of the photo enforcement program to fund transportation projects throughout the City; the program overall has generated \$502,400 in revenue year-to-date. The City saw expenditures increase from the same period last year by \$3.5 million or 16%. This is due to planned increases in overhead costs, professional services (citywide projects and improvements), and insurance premiums.

Overall, General Fund revenues collected through Q1-2025 totaled \$22.2 million as compared to the year-to-date budget of \$19.2 million, and were \$3.0 million, or **16% above** budget expectations. General Fund expenditures totaled \$26.2 million compared to the year-to-date budget of \$28.2 million, resulting in a \$2.0 million or **7% underspend**.



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

- Business and Occupation Tax: Revenues collected throughout Q1-2025 totaled \$3.4 million, exceeding the year-to-date budget by \$1.3 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. **[pages 8-9]**
- Interest and Investment Earnings: Throughout Q1-2025, interest and investment earnings have totaled \$617,100 in collections and hold a \$478,400 favorable variance to budget. This is largely due to current investments outperforming expectations throughout this timeframe despite lower interest rates. The City had a large investment mature during this time, contributing to the favorable variance. **[pages 19-20]**
- Development Services: Revenues collected throughout Q1-2025 have totaled \$716,000, compared to a year-to-date budget of \$332,000. Development service revenue collections are the highest they have been in the last eight years, outperforming prior year totals through the same timeframe by \$317,000. This is due to plan check fees assessed on two large projects being completed within City limits. Also contributing to the favorable variance, zoning and subdivision fees are higher than budget expectations by \$17,100. **[pages 16-17]**
- Utility Tax: Q1-2025 revenues collected totaled \$4.2 million and were \$529,500 higher than budget expectations. Collection of backdated utility taxes from solid waste haulers provided roughly 58% of the favorable variance. Likewise, City utility interfund taxes provide a favorable variance to budget of \$123,100, mainly due to higher solid waste tax collections resulting from increased service levels. **[pages 9-10]**
- Retail Sales Tax: The sales tax report for distributions through March 2025 reflects amounts remitted to the City of Auburn based on sales between November 2024 and January 2025. Collections totaled \$5.8 million, a 2% increase from last year totals through the same period, with particularly large year-over-year increases in the service and automotive industries. Compared to the year-to-date budget, sales tax revenues have a favorable variance of \$227,600 or 4%. **[pages 6-8]**

Expenditures: Most of the City's departments operated within year-to-date expectations throughout the first quarter of 2025, 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 \$2.0 million. Contributing to the favorable variance was a savings in salaries and benefits expenses of roughly \$1.4 million; as of the compilation of this report, there were 37 vacant regular full-time positions in the City. Equally, services and charges were below budget expectations through the first quarter by roughly \$138,600. This is partially due to the timing of spending on non-ARPA related projects in progress within the City.

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**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 maturation of certain investments meant that while the enterprise funds continued to see year-over-year increases in interest earnings, these increases were at a lower growth rate than previous periods. Through Q1-2025, interest earnings for the City's enterprise funds were \$803,000, a \$53,000 increase from Q1-2024.

The **Water Utility Fund** ended Q1-2024 with operating income of \$1.2 million, a marginal decrease of \$9,000 compared to the same period last year. This variance is due primarily to increased personnel costs (\$60,000) and interfund charges (+\$414,000), which offset increases in charges for service (+\$337,000) and interest earnings (+\$79,000). Operating revenues through Q1-2025 were higher than expected compared to our budget projections (+\$403,000), which was driven by favorable variances in charges for service (+\$161,000) and interest earnings (+\$238,000). Operating expenditures were also lower than budget expectations, resulting in a favorable budget variance of \$367,000. This favorable variance was driven by lower than anticipated personnel costs and external utility charges, as well as timing differences for anticipated professional services contracts. [pages 24-25]

The **Sewer Utility Fund** ended Q1-2025 with operating income \$125,000 lower than Q1-2024, coming in at \$1.2 million. While operating revenues increased \$174,000 compared to the same period last year, operating expenditures also increased (+\$300,000). The increase in operating expenditures was driven primarily by increased interfund charges (+\$255,000). In total, operating income for this fund was \$1.1 million higher compared to our budget projections, due to favorable variances in both operating revenues (+\$772,000) and operating expenses (-\$290,000). [page 25]

The **Stormwater Utility Fund** ended Q1-2025 with operating income of \$834,000, \$50,000 lower than operating income through the same period last year. Operating revenues increased \$203,000 compared to the prior year, mainly due to an increase in charges for storm service (+\$217,000). Operating expenditures for this fund also increased compared to the prior year (+\$253,000), due mainly to increased personnel costs as well and interfund charges. This fund outperformed operating income budget projections by \$295,000 through Q1-2025, due to favorable budget variances in both operating revenues (+\$164,000) and expenditures (-\$130,000). [page 25]

The **Solid Waste Utility Fund** ended Q1-2025 with operating income of \$1.7 million, a \$3.3 million decrease compared to Q1-2024. This variance is due to the timing difference of payments made to the City's solid waste provider in Q1-2024. Operating revenues increased \$563,000 from Q1-2024 to Q1-2025, due primarily to increased charges for service (+\$596,000). In all, operating income for this fund came in \$250,000 higher than expected, driven by a favorable budget variance in charges for service (+\$332,000) and offset slightly by higher than anticipated expenditures (+\$87,000). In general, we expect that increases to charges for service in this fund throughout the year will have corresponding increases in payments to the City's solid waste vendor. [pages 25-26]

**Internal Service Funds Overview**

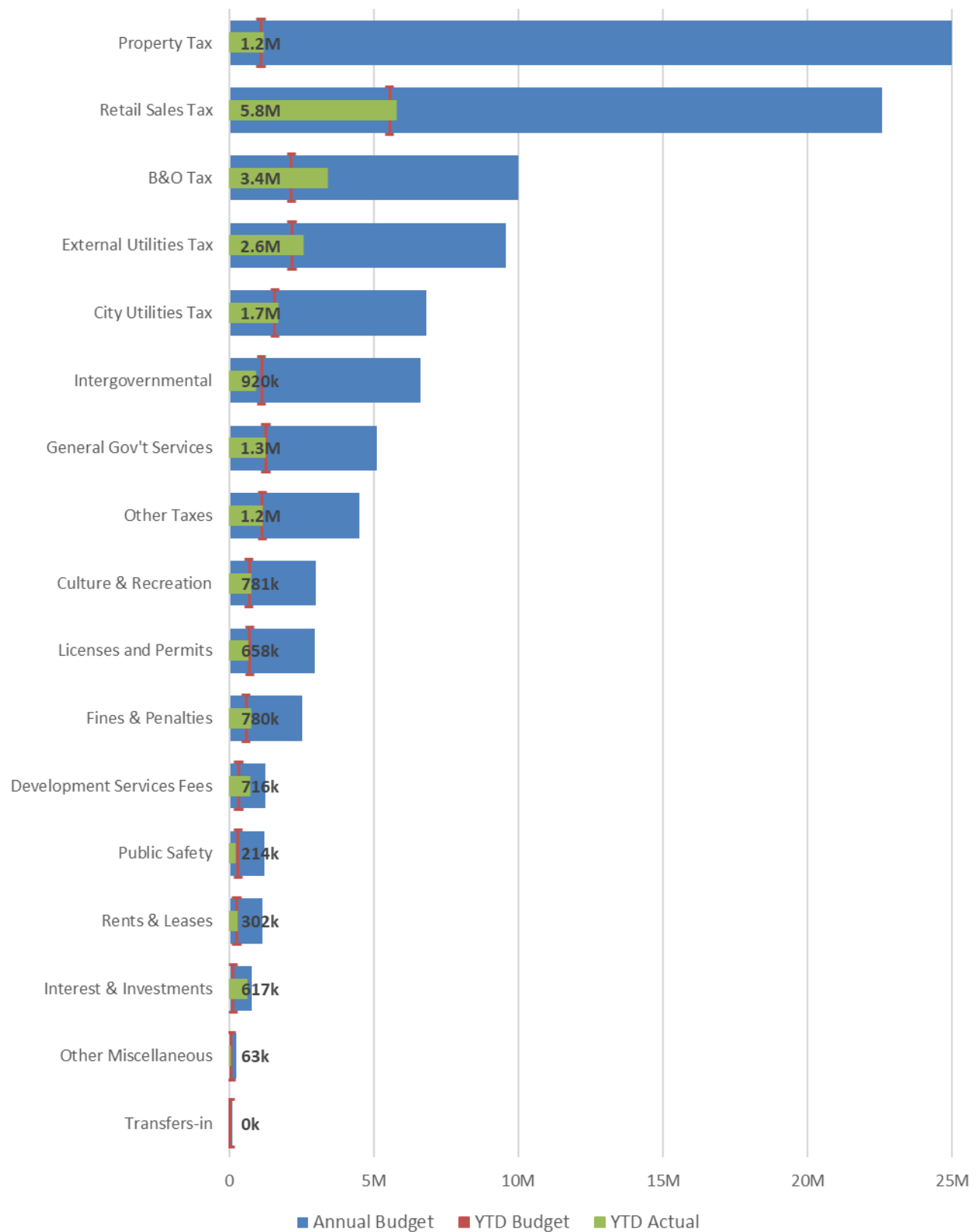
Internal service funds provide services to other City departments and include functions such as Insurance, Worker's Compensation, Facilities, Innovation & Technology, and Equipment Rental. No significant variances were reported in these funds during Q1-2025. [page 26]

## 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	2025			2025 YTD Budget vs. Actual		2024	2024 YTD Actual vs. 2023 Actual	
	Annual Budget	YTD Budget	YTD Actual	Favorable (Unfavorable) Amount	Percentage	YTD Actual	Favorable (Unfavorable) Amount	Percentage
<b>Operating Revenues</b>								
Property Tax	\$ 25,002,800	\$ 1,100,600	\$ 1,190,817	\$ 90,217	8.2 %	\$ 1,050,494	\$ 140,323	13.4 %
Retail Sales Tax	22,579,330	5,551,200	5,778,793	227,593	4.1 %	5,669,407	109,385	1.9 %
Affordable Housing Sales Tax Credit	148,000	47,400	47,903	503	1.1 %	47,917	(14)	(0.0) %
Sales Tax - Pierce County Parks	131,100	32,100	33,546	1,446	4.5 %	32,978	568	1.7 %
Criminal Justice Sales Tax	3,067,500	757,900	784,634	26,734	3.5 %	750,485	34,149	4.6 %
Brokered Natural Gas Tax	314,000	134,400	78,519	(55,881)	(41.6) %	95,328	(16,810)	(17.6) %
City Utilities Tax	6,828,200	1,582,200	1,705,971	123,771	7.8 %	1,560,380	145,591	9.3 %
Business & Occupation Tax	9,991,700	2,152,946	3,413,483	1,260,536	58.5 %	3,101,343	312,139	10.1 %
Admissions Tax	252,500	85,000	129,758	44,758	52.7 %	258,571	(128,813)	(49.8) %
Electric Tax	4,695,800	1,098,900	1,179,218	80,318	7.3 %	1,097,323	81,895	7.5 %
Natural Gas Tax	1,417,400	344,800	375,249	30,449	8.8 %	323,043	52,206	16.2 %
Cable Franchise Fee	888,000	222,000	177,098	(44,902)	(20.2) %	195,621	(18,523)	(9.5) %
Cable Utility Tax	917,400	229,350	186,009	(43,341)	(18.9) %	208,503	(22,494)	(10.8) %
Cable Franchise Fee - Capital	51,200	12,800	9,057	(3,743)	(29.2) %	10,197	(1,139)	(11.2) %
Telephone Tax	606,240	159,527	246,283	86,756	54.4 %	230,267	16,016	7.0 %
Solid Waste Tax (external)	987,500	111,367	418,767	307,400	276.0 %	314,269	104,498	33.3 %
Leasehold Excise Tax	286,000	17,800	15,438	(2,362)	(13.3) %	17,868	(2,430)	(13.6) %
Gambling Excise Tax	287,500	68,021	92,736	24,715	36.3 %	29,320	63,416	216.3 %
<b>Taxes sub-total</b>	<b>\$ 78,452,170</b>	<b>\$ 13,708,312</b>	<b>\$ 15,863,279</b>	<b>\$ 2,154,967</b>	<b>15.7 %</b>	<b>\$ 14,993,317</b>	<b>\$ 869,962</b>	<b>5.8 %</b>
<b>Business License Fees</b>	<b>\$ 585,100</b>	<b>\$ 173,600</b>	<b>\$ 189,859</b>	<b>\$ 16,259</b>	<b>9.4 %</b>	<b>\$ 158,848</b>	<b>\$ 31,011</b>	<b>19.5 %</b>
Building Permits	950,200	214,300	223,266	8,966	4.2 %	234,452	(11,185)	(4.8) %
Other Licenses & Permits	1,414,300	317,000	244,539	(72,461)	(22.9) %	253,287	(8,748)	(3.5) %
Intergovernmental (Grants, etc.)	6,614,122	1,120,122	919,800	(200,322)	(17.9) %	1,927,291	(1,007,492)	(52.3) %
Charges for Services:								
General Government Services	5,114,176	1,278,544	1,280,053	1,509	0.1 %	1,131,944	148,109	13.1 %
Public Safety	1,215,556	303,889	214,183	(89,706)	(29.5) %	269,302	(55,119)	(20.5) %
Development Services Fees	1,235,100	332,000	716,004	384,004	115.7 %	398,853	317,151	79.5 %
Culture and Recreation	2,981,200	690,814	781,493	90,678	13.1 %	748,250	33,242	4.4 %
Fines and Penalties	2,522,706	581,346	779,743	198,397	34.1 %	1,069,818	(290,075)	(27.1) %
<b>Fees/Charges/Fines sub-total</b>	<b>\$ 22,632,460</b>	<b>\$ 5,011,615</b>	<b>\$ 5,348,939</b>	<b>\$ 337,324</b>	<b>6.7 %</b>	<b>\$ 6,192,045</b>	<b>\$ (843,105)</b>	<b>(13.6) %</b>
<b>Interest and Investment Earnings</b>	<b>\$ 782,500</b>	<b>\$ 138,679</b>	<b>\$ 617,105</b>	<b>\$ 478,426</b>	<b>345.0 %</b>	<b>\$ 427,829</b>	<b>\$ 189,276</b>	<b>44.2 %</b>
Rents and Leases	1,155,180	259,600	302,492	42,892	16.5 %	289,213	13,280	4.6 %
Contributions and Donations	15,000	782	5,167	4,385	560.8 %	2,352	2,815	119.7 %
Other Miscellaneous	208,000	61,882	37,995	(23,888)	(38.6) %	196,211	(158,216)	(80.6) %
Transfers In	126,000	31,500	-	(31,500)	(100.0) %	4,270,722	(4,270,722)	(100.0) %
Insurance Recoveries - Capital & Operating	25,000	6,250	19,425	13,175	210.8 %	29,294	(9,869)	(33.7) %
<b>Other Revenues sub-total</b>	<b>\$ 2,311,680</b>	<b>\$ 498,693</b>	<b>\$ 982,184</b>	<b>\$ 483,491</b>	<b>97.0 %</b>	<b>\$ 5,215,621</b>	<b>\$(4,233,437)</b>	<b>(81.2) %</b>
<b>Total Operating Revenues</b>	<b>\$ 103,396,310</b>	<b>\$ 19,218,620</b>	<b>\$ 22,194,402</b>	<b>\$ 2,975,782</b>	<b>15.5 %</b>	<b>\$ 26,400,982</b>	<b>\$(4,206,580)</b>	<b>(15.9) %</b>
<b>Operating Expenditures</b>								
Council & Mayor	\$ 1,951,839	\$ 540,356	\$ 502,612	\$ 37,744	7.0 %	\$ 376,608	\$ 126,005	33.5 %
Administration	1,040,288	284,810	214,968	69,843	24.5 %	326,024	(111,056)	(34.1) %
Human Resources	2,750,455	712,943	694,663	18,280	2.6 %	596,959	97,704	16.4 %
Municipal Court & Probation	3,445,971	341,043	360,702	(19,660)	(5.8) %	265,572	95,131	35.8 %
Finance	5,610,750	1,484,845	1,437,566	47,279	3.2 %	1,216,178	221,388	18.2 %
City Attorney	4,789,178	1,318,755	1,138,641	180,114	13.7 %	1,460,591	(321,950)	(22.0) %
Community Development	7,298,660	1,718,227	1,732,199	(13,973)	(0.8) %	1,597,614	134,586	8.4 %
Human Services	2,505,743	633,659	498,518	135,141	21.3 %	58,100	440,418	758.0 %
Office of Equity	1,014,008	271,647	99,712	171,935	63.3 %	175,123	(75,412)	(43.1) %
Jail - SCORE	5,900,000	1,475,100	1,463,808	11,292	0.8 %	1,216,494	247,314	20.3 %
Police	40,161,732	11,306,082	9,960,347	1,345,735	11.9 %	8,679,621	1,280,726	14.8 %
Public Works	5,418,201	1,610,593	1,581,097	29,496	1.8 %	1,244,139	336,959	27.1 %
Parks, Arts & Recreation	16,793,773	4,124,509	4,140,726	(16,217)	(0.4) %	3,660,307	480,419	13.1 %
Streets	5,061,298	1,417,109	1,373,749	43,360	3.1 %	1,053,765	319,984	30.4 %
Non-Departmental	5,405,976	935,572	967,251	(31,679)	(3.4) %	706,518	260,732	36.9 %
<b>Total Operating Expenditures</b>	<b>\$ 109,147,872</b>	<b>\$ 28,175,250</b>	<b>\$ 26,166,558</b>	<b>\$ 2,008,691</b>	<b>7.1 %</b>	<b>\$ 22,633,612</b>	<b>\$ 3,532,947</b>	<b>15.6 %</b>

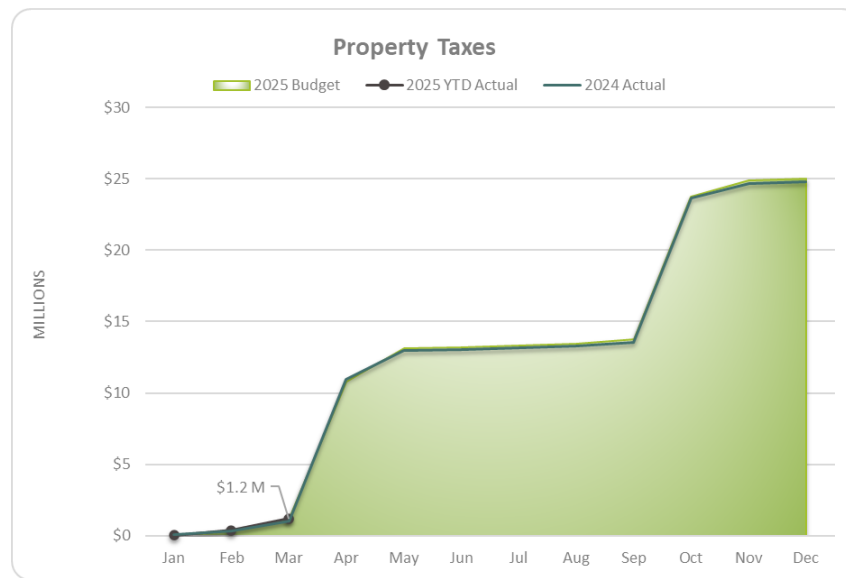
### General Fund Revenues Budget Vs Actual



## Revenue

Tax revenues, including property, sales/use, utility, business & occupation, gambling, and admissions taxes provide over 76% of all resources supporting general governmental activities. Licenses, charges for services, intergovernmental revenue (grants, state shared revenue, etc.) and fines contribute a further 22% of total revenue to the General Fund. The remaining 2% 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.

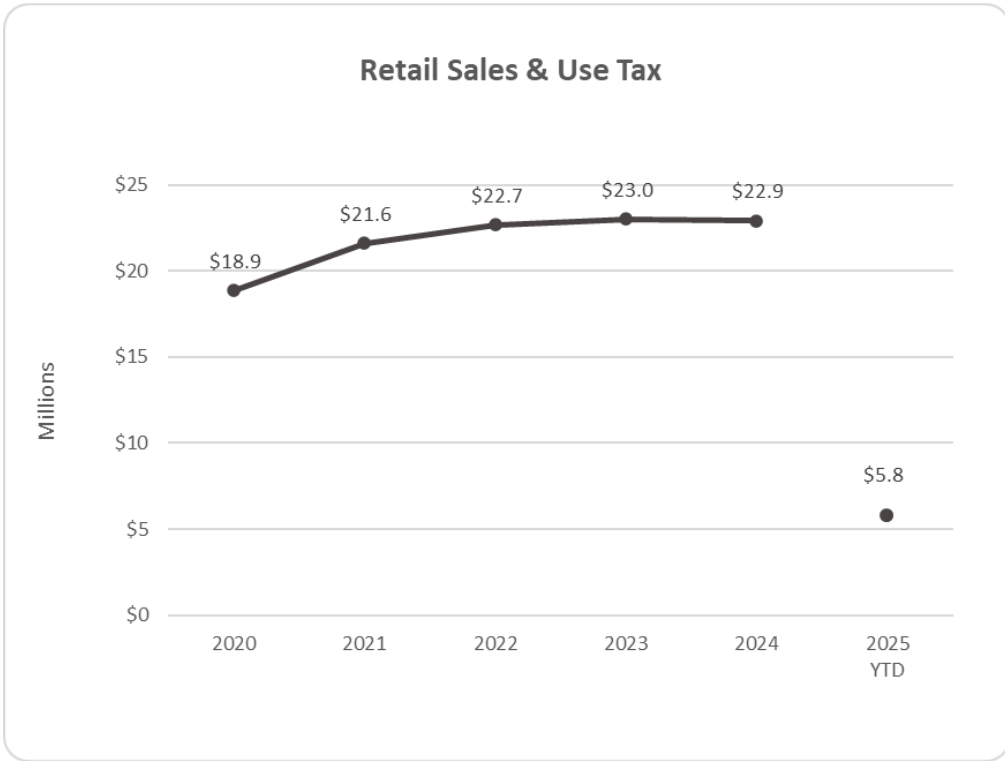
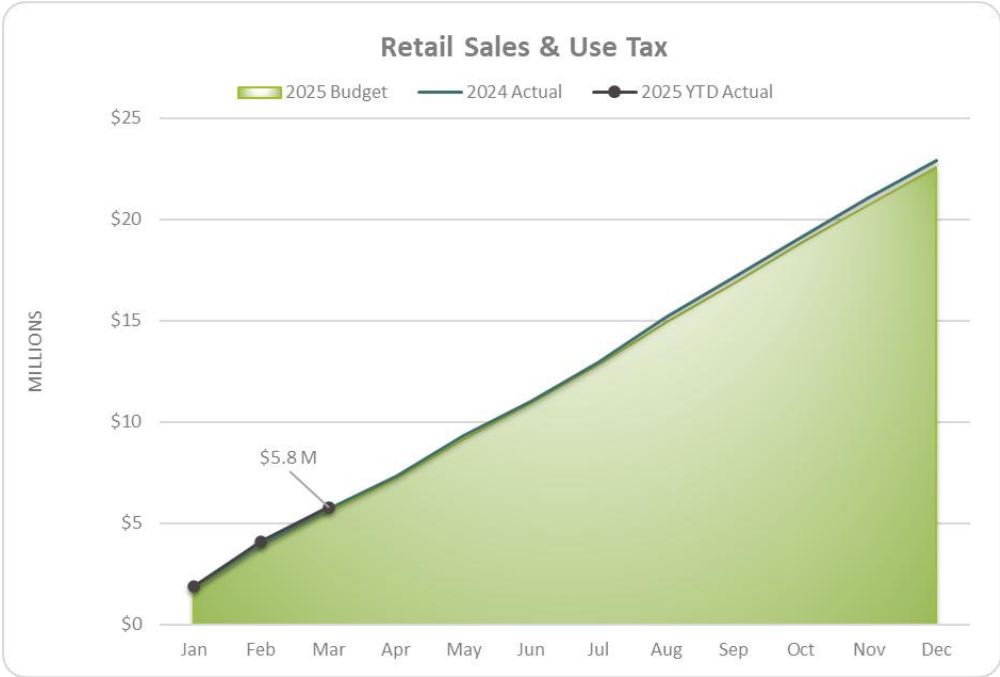
**Property Tax** collections through the first quarter totaled roughly \$1.2 million, approximately \$90,000 or 8% above budget projections. As depicted in the graphic below, the majority of property taxes are collected during the months of April and October, coinciding with the due dates for county property tax billings.



**Retail Sales Tax** collections throughout Q1-2025 totaled \$5.8 million, representing taxes remitted to the City of Auburn based on sales from November 2024 through January 2025. Overall, these revenues increased by \$109,400, or 2%, from Q1-2024 collections due to higher performances in the services (+\$78,633) and automotive (+\$74,488) industries. Offsetting the overall increases, decreases in the construction (-\$32,630), wholesale trade (-\$25,661), and manufacturing (-\$16,651) industries diminished the year-to-date increase from prior year totals. In comparison to the year-to-date budget, these revenues are also favorable by nearly \$227,600 or 4% through the first 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 \$22.6 million for the fiscal year of 2025, a budgeted decrease of \$326,000 from the prior year actuals. Based on year-to-date performance, collections may exceed this amount by year-end. In its March 2025 economic forecast, King County estimated<sup>1</sup> that sales tax revenues will have an annual growth of 0.30% from 2024 actuals. By comparison, the City budgeted an annual decline of sales tax revenues of -1%. Auburn generally experiences a higher growth rate than the County does, and has seen consistent growth year-over-year except for last year, but the rate of growth is volatile and has generally been in decline since 2019.

<sup>1</sup> King County, WA. 2025. The Office of Economic and Financial Analysis.  
<https://kingcounty.gov/en/legacy/independent/forecasting>.





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

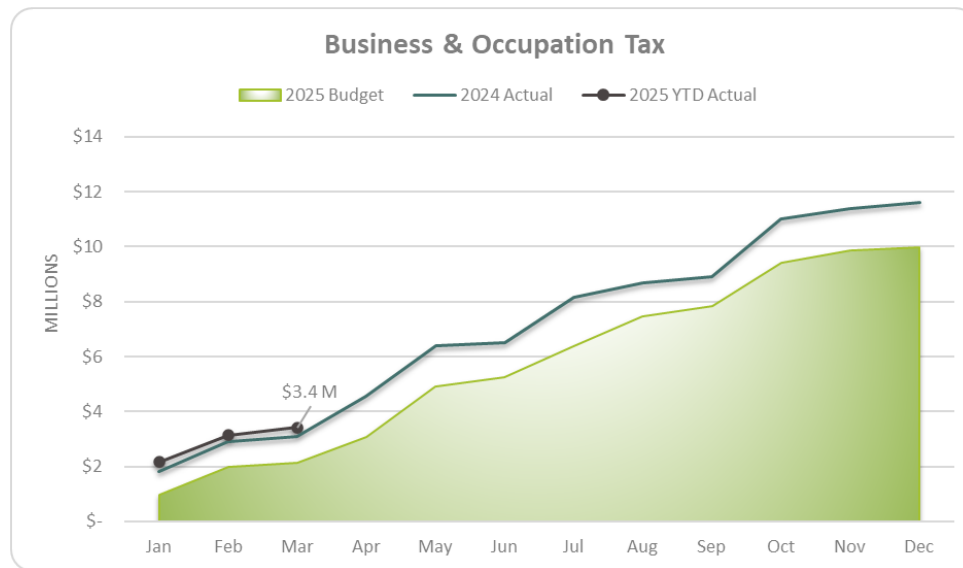
Comparison of Retail Sales Tax Collections by Group Through March 2025				
Component Group	2024	2025	Change from 2024	
	YTD Actual	YTD Actual	Amount	Percentage
Construction	\$ 643,986	\$ 611,356	\$ (32,630)	(5.1) %
Manufacturing	137,690	121,039	(16,651)	(12.1) %
Transportation & Warehousing	74,690	84,567	9,877	13.2 %
Wholesale Trade	405,833	380,173	(25,661)	(6.3) %
Automotive	1,169,340	1,243,828	74,488	6.4 %
Retail Trade	1,751,600	1,754,392	2,791	0.2 %
Services	1,397,566	1,476,200	78,633	5.6 %
Miscellaneous	88,702	107,238	18,537	20.9 %
YTD Total	\$ 5,669,407	\$ 5,778,793	\$ 109,385	1.9 %

**Business & Occupation (B&O) 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 which will bring the anticipated collection amount well over the budgeted totals for this year. Overall collection through the first quarter of the year totaled \$3.4 million versus a year-to-date budget of \$2.2 million. Of the \$3.4 million collected, roughly \$1.7 million or 49% consists of back taxes being paid. Current 2025 collections outpace 2024 collections through the same period by \$1.3 million (59%), although recovery of back taxes is anticipated to decrease over time.

Comparing collections to prior year-to-date totals, the City has collected roughly \$71,500 or 4% more revenue related to gross receipts, while square footage collections are \$240,600 or 23% higher than prior year totals.

Business & Occupation Tax Through March 2025								
Revenue	2025			Favorable (Unfavorable)		2024	2025 YTD Actual vs. 2024 Actual	
	Annual Budget	YTD Budget	YTD Actual	Amount	Percentage	YTD Actual	Amount	Percentage
Gross Receipts	\$ 6,973,700	\$ 1,502,647	\$ 2,115,403	\$ 612,756	40.8%	\$ 2,043,904	\$ 71,499	3.5%
Square Footage	3,018,000	650,299	1,298,079	647,781	99.6%	1,057,439	240,641	22.8%
Total	\$ 9,991,700	\$ 2,152,946	\$ 3,413,483	\$ 1,260,536	58.5%	\$ 3,101,343	\$ 312,139	10.1%



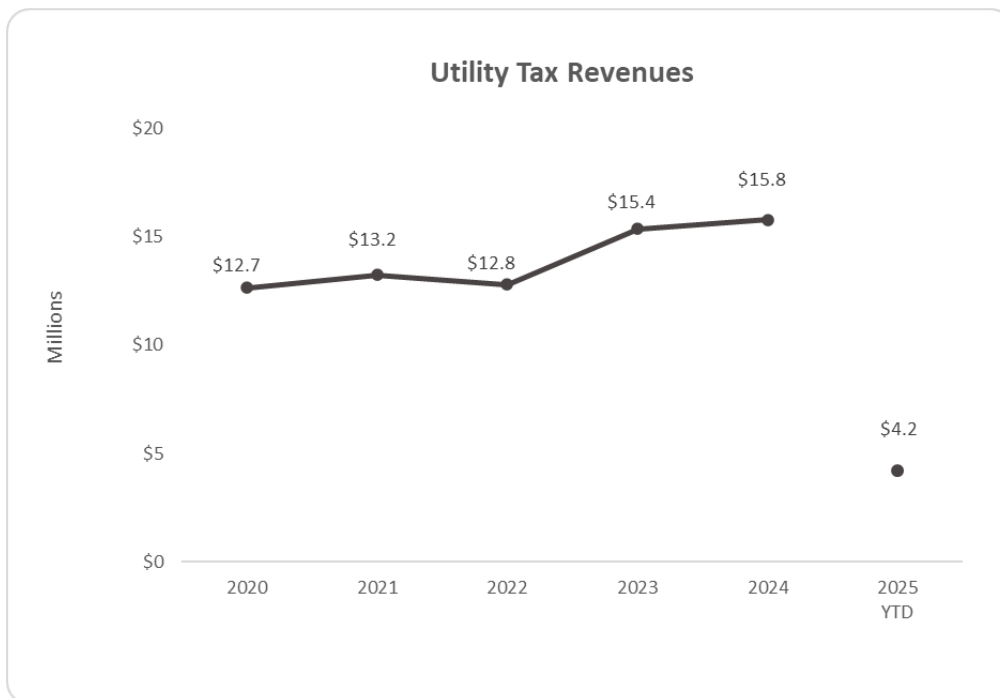
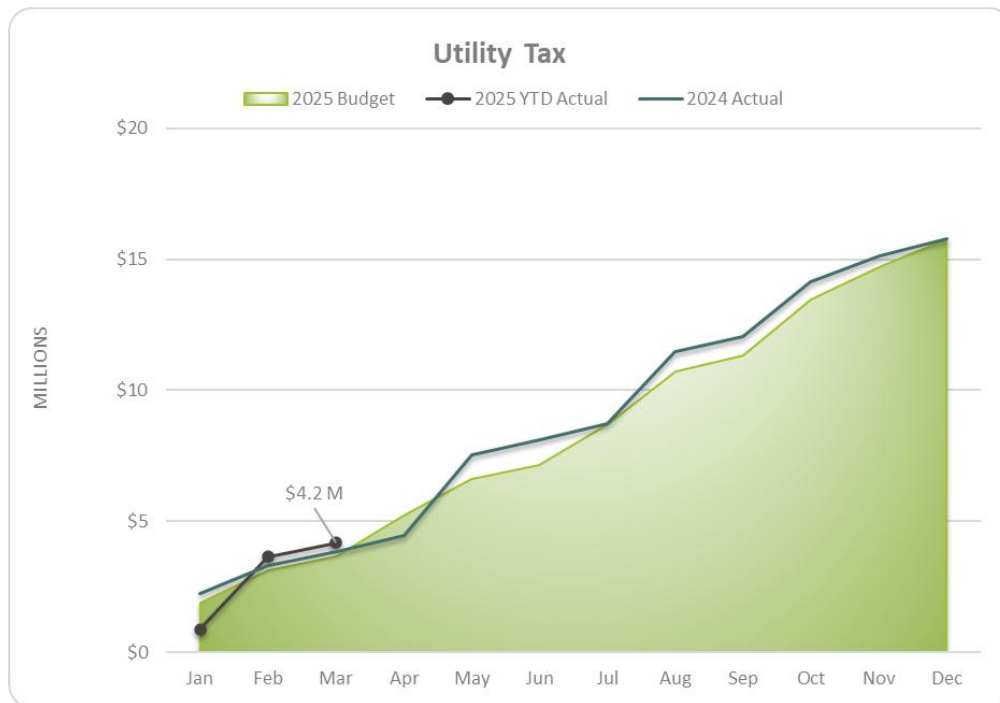
**Utility Taxes** consist of an 11.5% tax on the gross revenues of water, sewer, storm drainage and solid waste utilities and a 6.0% tax on electric, natural gas, and telephone utilities operating within the City. Of those utilities taxed at 11.5%, the General Fund receives 9.0% while the remaining 2.5% 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 \$360,900 or 9% from Q1-2024, and are \$529,500 favorable to budget. Roughly 69% 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 \$2.9 million of the collected \$4.2 million throughout the first quarter of 2025.

Currently, the largest portion of the overall favorable variance to budget occurs within the external utility taxes category due to a planned rate increase as well as 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. Furthermore, telephone taxes have increased from Q1-2024 by \$16,000, 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.

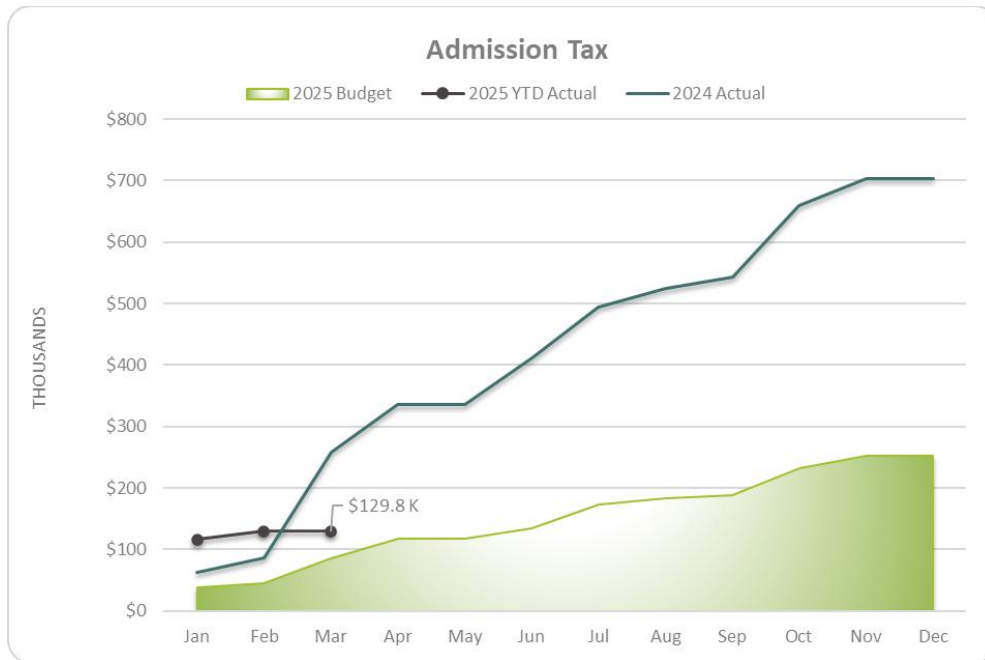
The table and charts below demonstrate the various utility tax revenues and show actual revenues compared to budget. Note that these amounts represent only the General Fund portion of revenues, and do not contain those revenues allocated for funding City streets projects.

Utility Tax by Type (General Fund Portion) Through March 2025								
Revenue	2025			Favorable (Unfavorable)		2024	2025 YTD Actual	vs. 2024 Actual
	Annual Budget	YTD Budget	YTD Actual	Amount	Percentage	YTD Actual	Amount	Percentage
City Interfund Utility Taxes	\$ 6,828,200	\$ 1,582,200	\$ 1,705,971	\$ 123,771	7.8%	\$ 1,560,380	\$ 145,591	9.3%
Electric	4,695,800	1,098,900	1,179,218	80,318	7.3%	1,097,323	81,895	7.5%
Natural Gas	1,417,400	344,800	375,249	30,449	8.8%	323,043	52,206	16.2%
Telephone	606,240	159,527	246,283	86,756	54.4%	230,267	16,016	7.0%
External Utility Taxes	987,500	111,367	418,767	307,400	276.0%	314,269	104,498	33.3%
Brokered Natural Gas	314,000	134,400	78,519	(55,881)	-41.6%	95,328	(16,810)	-17.6%
Cable	917,400	229,350	186,009	(43,341)	-18.9%	208,503	(22,494)	-10.8%
Total	\$ 15,766,540	\$ 3,660,544	\$ 4,190,016	\$ 529,472	14.5%	\$ 3,829,115	\$ 360,902	9.4%



**Note:** 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 approximately \$129,800 collected through March 2025 were significantly lower (-50%) than Q1-2024. This is largely due to a one-time payment received in 2024 as part of an agreement. Controlling for this non-recurring payment, admission taxes are still reporting an unfavorable variance to budget of roughly \$22,200 from prior year actuals. However, it holds a favorable variance to budget of \$44,800 through the first quarter.



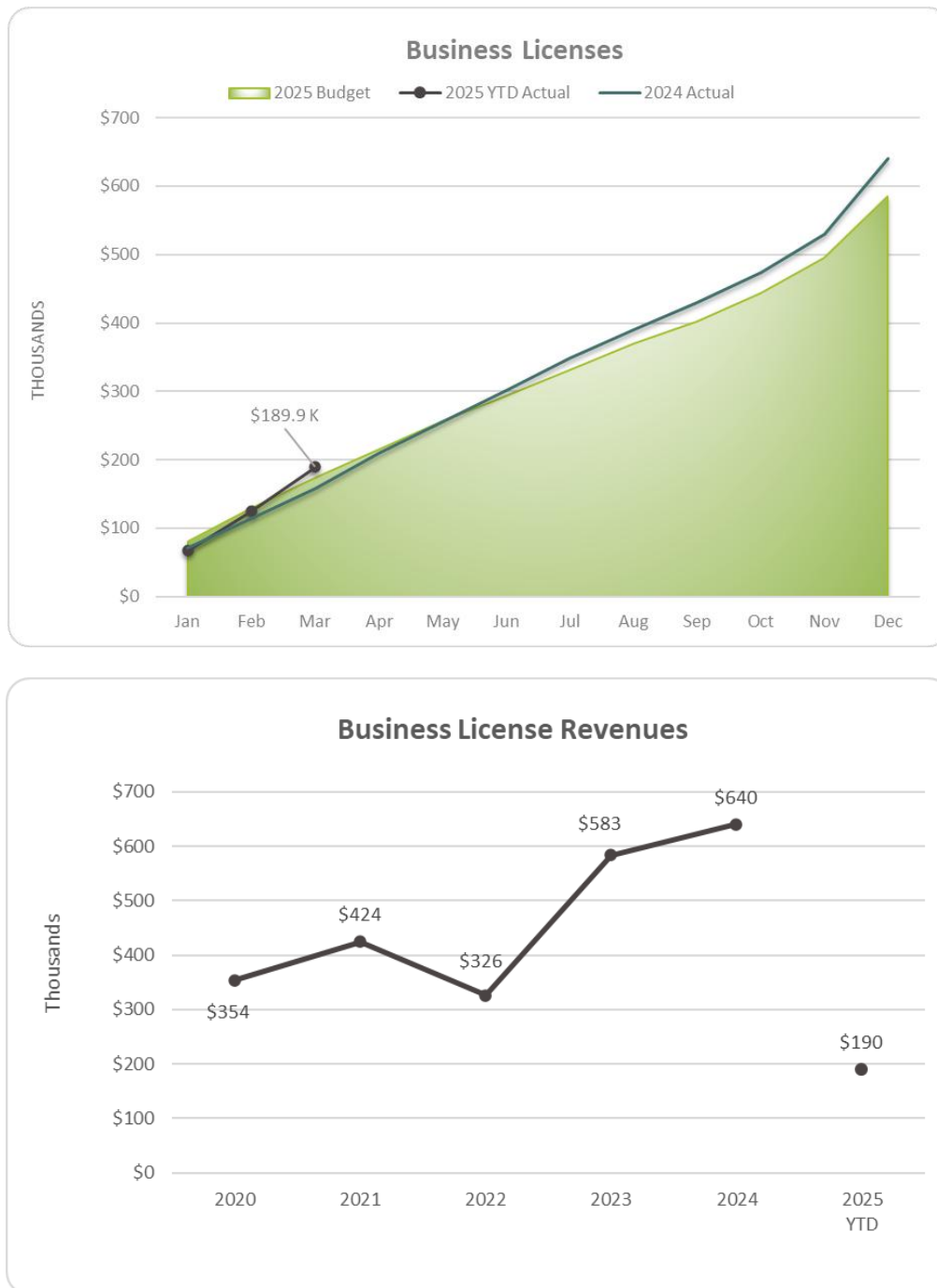
**Gambling Tax** applies to all card games, punch board games, pull tabs, bingo games, raffles and amusement games played within City limits. The majority of gambling tax revenues are collected from card games (61%) and amusement games (27%). At \$92,700 through the first quarter, collections are \$63,400 higher than 2024 year-to-date totals and report a \$24,700, or 36%, favorable variance to budget. The primary drivers of the favorable variance are higher collections from card games (+\$19,800) and punch boards and pull tabs (+\$5,400). Gambling tax revenues have historically exhibited high volatility both month-over-month and year-over-year: excluding 2021 (due to COVID-19 restrictions), recent revenues through the first quarter of the year average about \$52,000 but have been as high as \$103,900 (2023) and as low as \$29,300 (2024). The City will be monitoring these taxes closely, along with sales tax, as it serves as an indicator to how much disposable income is in the economy.



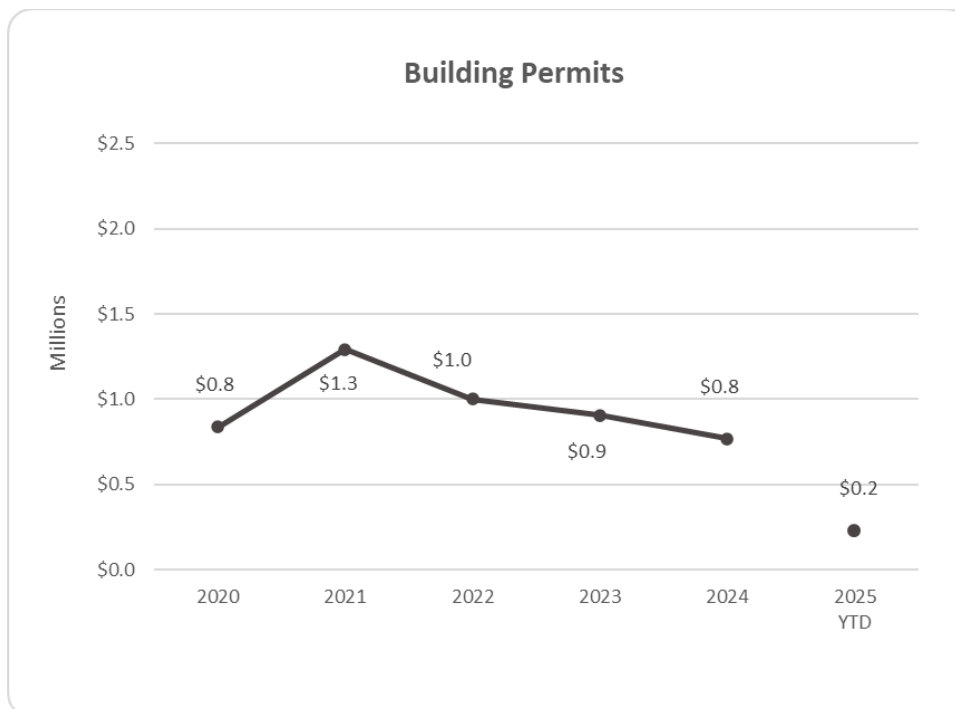
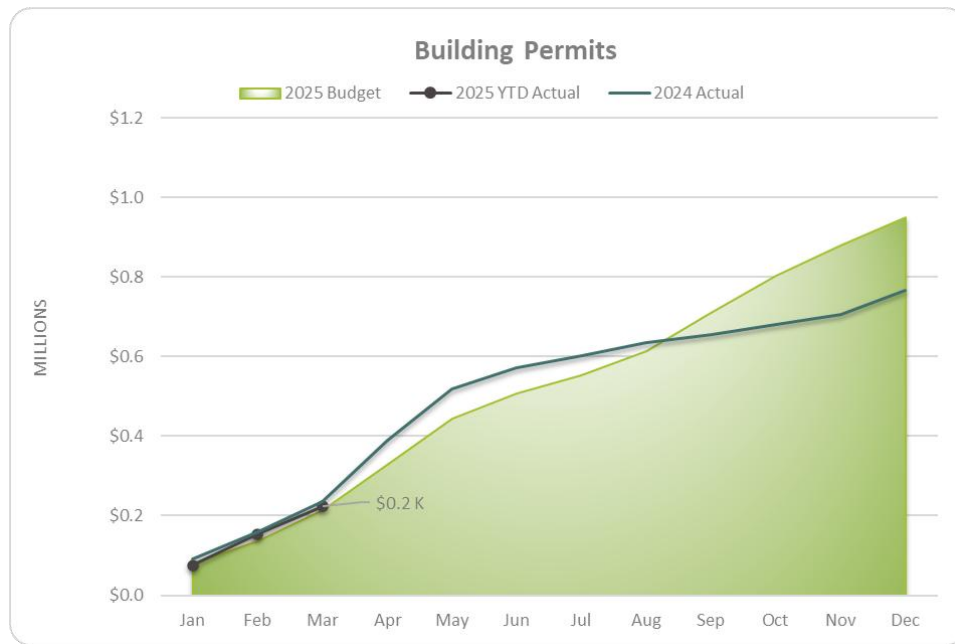
**Licenses and Permits** include business licenses, building permits, plumbing, electric and other licenses and permit fees. Building permit fees and business licenses typically comprise most of the budgeted revenue in this category, at approximately 34% and 29%, respectively.

The annual **Business License** renewal fee for each business located within the City is \$107, with the renewal cycle for each business beginning on the date the business was originally granted a license.

Year-to-date collections totaled \$189,900 so far in 2025 compared to \$158,900 in 2024, a 20% 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. Comparing budget to actual revenue, business licenses are favorable by \$16,300 or 9% versus budget projections. The City generally sees the highest collection amounts during the first and fourth quarters of the year due to the renewal cycle.

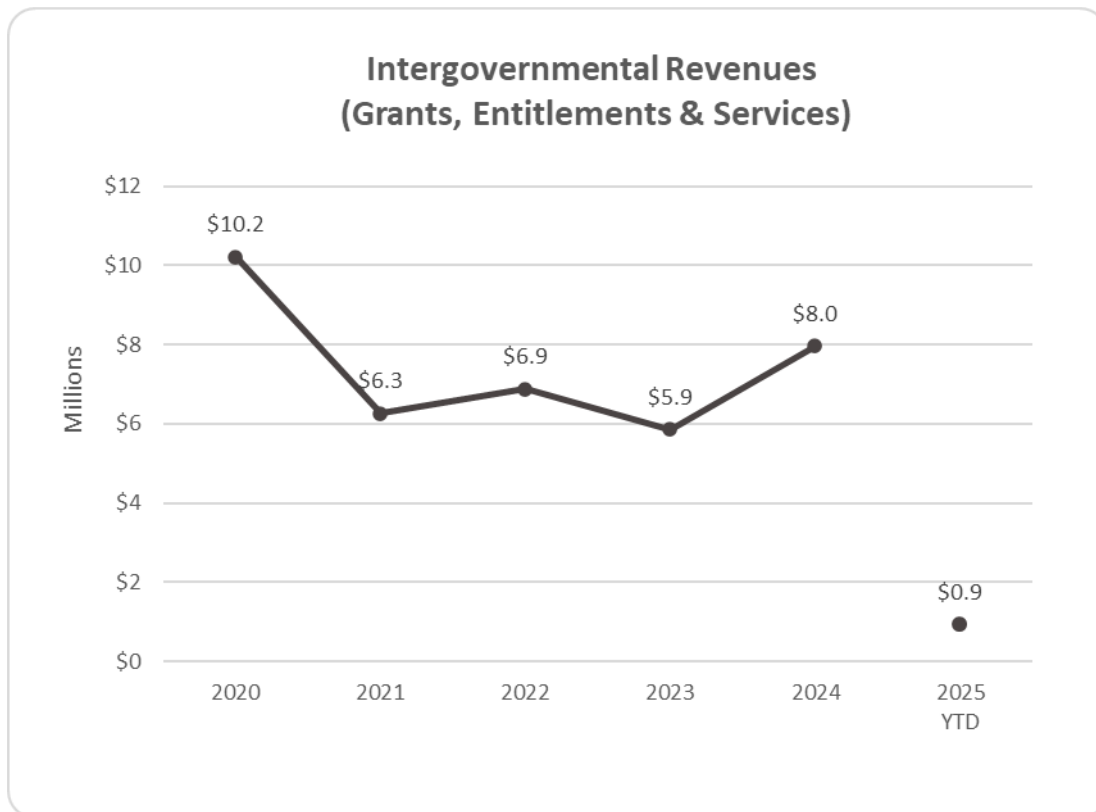


**Building Permit** revenues collected through March 2025 totaled \$223,300. Building permits are approximately \$11,200 lower than 2024 collections year-to-date, although there is a favorable variance against the budget of \$9,000 (4%). A large contributing factor for this unfavorable variance versus 2024 totals is the decreased valuation of construction permits on mixed use and subdivision builds. The number of permits submitted through the first quarter have also decreased by 35% over the same period last year, representing a decreased workload of construction throughout the City. While there are two highly valued projects currently in progress in the City, they do not offset the decline in the revenue from the previous year.



**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 throughout Q1-2025 totaled \$919,800 and were \$200,300 unfavorable to budget expectations. Much of this unfavorable variance is due to the timing of collection on federal grants. Federal grants revenues are generally collected on a cost reimbursement basis; throughout the end of 2024 and into the beginning of 2025, several projects have been delayed, causing the delay in collecting the reimbursement. The City anticipates that the identified projects will be completed and reimbursed for in 2025. Furthermore, the City submitted its proposed 2025 MIT compact request to the casino and anticipates receiving revenues from the request beginning in the second quarter.

Intergovernmental Revenues (Grants, Entitlements & Services) Through March 2025								
Revenue	2025			Favorable (Unfavorable)		2024	2025 YTD Actual vs. 2024 Actual	
	Annual Budget	YTD Budget	YTD Actual	Amount	Percentage	YTD Actual	Amount	Percentage
Federal Grants	\$ 709,000	\$ 177,250	\$ 26,417	\$ (150,833)	-85.1%	\$ 1,330	\$ 25,087	1886.7%
State Grants	97,225	2,500	39,208	36,708	1468.3%	28,846	10,363	35.9%
Interlocal Grants	284,097	64,500	18,571	(45,929)	-71.2%	196,851	(178,280)	-90.6%
Muckleshoot Casino Services	1,800,000	-	-	-		791,885	(791,885)	-100.0%
State Shared Revenues:								
Streamlined Sales Tax	460,900	115,225	128,020	12,795	11.1%	160,025	(32,005)	-20.0%
Motor Vehicle Fuel Tax	1,173,700	276,500	226,600	(49,900)	-18.0%	256,148	(29,549)	-11.5%
Criminal Justice - High Crime	291,200	72,800	75,156	2,356	3.2%	70,778	4,378	6.2%
Criminal Justice - Population	34,500	8,300	8,803	503	6.1%	8,195	608	7.4%
Criminal Justice - Special Prog.	121,100	29,300	30,868	1,568	5.4%	28,858	2,009	7.0%
Marijuana Excise Tax	200,600	50,150	51,991	1,841	3.7%	64,249	(12,258)	-19.1%
State DUI	7,800	1,950	1,913	(37)	-1.9%	2,927	(1,014)	-34.6%
Fire Insurance Tax	121,600	-	-	-		-	-	
Liquor Excise	645,300	154,872	144,076	(10,796)	-7.0%	149,568	(5,492)	-3.7%
Liquor Profit	667,100	166,775	168,177	1,402	0.8%	167,631	546	0.3%
Total State Shared:	3,723,800	875,872	835,604	(40,268)	-4.6%	908,381	(72,777)	-8.0%
YTD Total	\$ 6,614,122	\$ 1,120,122	\$ 919,800	\$ (200,322)	-17.9%	\$ 1,927,291	\$ (1,007,492)	-52.3%



**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.



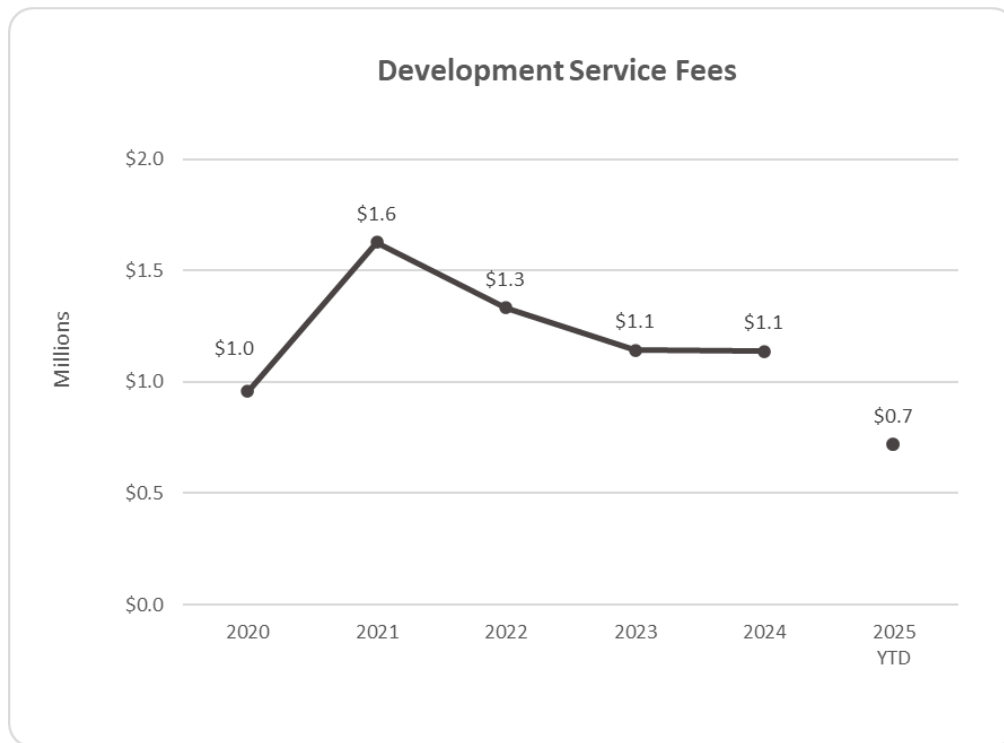
**Charges for Services** consist of general governmental service charges, public safety charges, development service fees, and culture and recreation fees. Charges for services revenues collected through March 2025 totaled \$2.9 million and were \$399,500, or 15%, more than expected to date. This was mainly due to development service revenues (specifically plan check fees) being higher than anticipated due to the timing of projects within Auburn city limits.

Charges for Services by Type Through March 2025								
Revenue	2025			Favorable (Unfavorable)		2024	2025 YTD Actual vs. 2024 Actual	
	Annual Budget	YTD Budget	YTD Actual	Amount	Percentage	YTD Actual	Amount	Percentage
General Government	\$ 5,114,176	\$ 1,278,544	\$ 1,280,053	\$ 1,509	0.1%	\$ 1,131,944	\$ 148,109	13.1%
Public Safety	1,215,556	303,889	214,183	(89,706)	-29.5%	269,302	(55,119)	-20.5%
Development Services	1,235,100	332,000	716,004	384,004	115.7%	398,853	317,151	79.5%
Culture & Recreation	2,981,200	690,814	781,493	90,678	13.1%	748,250	33,242	4.4%
Total	\$ 10,546,032	\$ 2,605,247	\$ 2,991,732	\$ 386,485	14.8%	\$ 2,548,349	\$ 443,384	17.4%

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, and quarterly administrative expenses related to South King Housing and Homelessness Partners (SKHHP). The favorable variance of \$1,500 to budget is due to the collections from passport services. Passport services are generally higher due to the implementation of the Real ID program starting May 7<sup>th</sup>, 2025. Which requires either a Real ID or a valid passport to travel by air.

*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 first quarter of 2025 totaled \$214,200 and saw a \$55,100 decrease from 2024 first quarter totals. This is largely attributable to lower-than-expected law enforcement services revenue collected. Comparing 2024 vs 2025, law enforcement services have decreased by \$44,400 due to the timing of collections for police services. Adding to the overall unfavorable variance versus prior year, DUI emergency response fees collected have decreased by \$12,700. Overall, public safety collections hold an unfavorable variance to year-to-date budget expectations by \$89,700.

*Development services* fee collections consist primarily of plan check fees, facility extension charges, and zoning and subdivision fees. Through Q1-2025, development service fees collected totaled \$716,000, which is \$384,000 above budget expectations and \$317,100 higher than prior year-to-date totals. Within this category, favorable variances to year-to-date budget existed in plan check fees (+\$369,700) and zoning and subdivision (+\$17,000). The large variance within plan check fees is the result of assessments on two large development projects within city limits. These variances were offset by unfavorable variances in fees assessed on projects that require extension of public facilities and environmental services (-\$2,300). With the ongoing projects progressing throughout the city, it is anticipated that development service revenues will end the year with a favorable variance to both prior year totals and current annual budget assumptions.



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 (currently being held at other venues during construction), senior programs, and special events. Overall, this category of revenues outperformed budget expectations by \$90,700, or 13%.

Nearly 33% of the year-to-date Culture and Recreation revenues have come from the Auburn Golf Course. Green fee revenues have decreased by \$7,000 or 4% from the same period last year and are unfavorable to budget by \$191,900 year-to-date. This is due to a decrease in the number of rounds played compared to the same time last year. The City projects that green fees collections will increase through the remainder of the year, as the golf course collects 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 during 2022-2024. The City anticipates continued modest growth in 2025 based on updated green fee rates.

Recreation classes represent 41% of year-to-date culture and recreation collections through the first quarter and have generally remained consistent from prior year-to-date totals with \$321,000 in collections. Ticket sales for performances held at local school venues (previously held at the Auburn Avenue Theater) have decreased by \$6,200 or 13% from prior year totals but carry a favorable variance to budget by \$16,900. This is mainly due to the Performing Arts Center decreasing ticket sales from prior year as the popularity of various shows were not as high as last year. With continued community participation in recreational classes through the remainder of the year the City is expecting a slight increase in revenues throughout 2025.

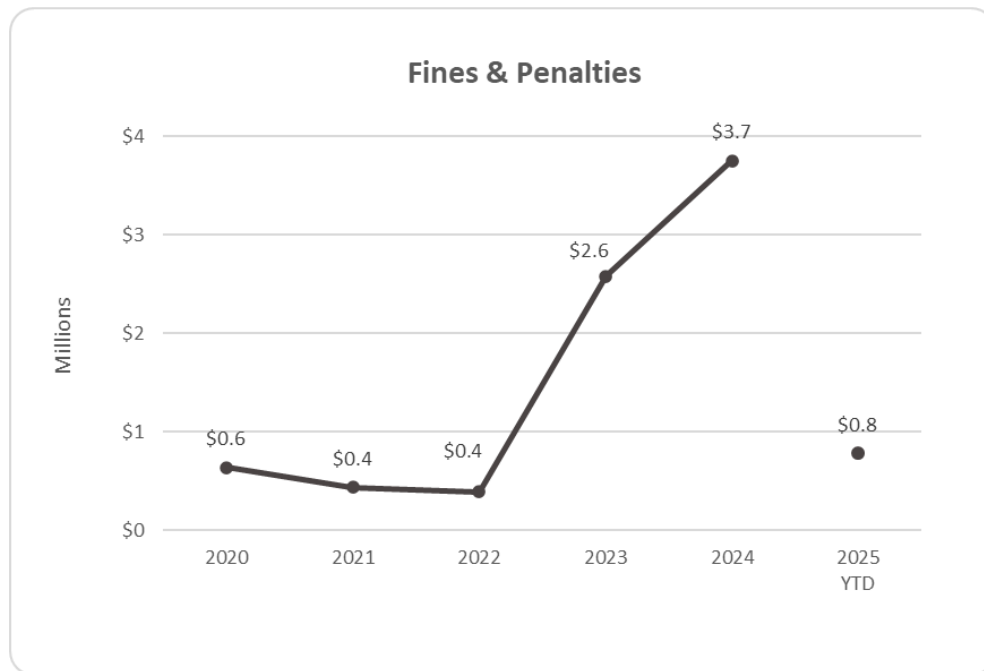


**Fines & Penalties** include civil penalties (such as code compliance fines), parking and traffic infraction penalties, criminal fines (including criminal traffic, criminal non-traffic, and other criminal offenses) as well as non-court fines such as false alarm fines. The table below shows a detailed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

Fines & Penalties by Type Through March 2025								
Revenue	2025		YTD Actual	Favorable (Unfavorable)		2024 YTD Actual	2025 YTD Actual vs. 2024 Actual	
	Annual Budget	YTD Budget		Amount	Percentage		Amount	Percentage
Civil Penalties	\$ 1,000	\$ 46	\$ 345	\$ 299	651.1%	\$ 370	\$ (24)	-6.6%
Civil Infraction Penalties	148,400	36,300	55,978	19,678	54.2%	41,298	14,680	35.5%
Photo Enforcement	1,100	600	-	(600)	-100.0%	157	(157)	-100.0%
Parking Infractions	2,233,506	516,200	518,187	1,987	0.4%	866,789	(348,602)	-40.2%
Criminal Traffic Misdemeanor	31,200	8,400	27,906	19,506	232.2%	7,641	20,265	265.2%
Criminal Non-Traffic Fines	48,200	11,300	17,353	6,053	53.6%	14,332	3,021	21.1%
Criminal Costs	12,200	4,600	2,588	(2,012)	-43.7%	3,377	(789)	-23.4%
Non-Court Fines & Penalties	47,100	3,900	157,385	153,485	3935.5%	135,853	21,531	15.8%
<b>Total</b>	<b>\$ 2,522,706</b>	<b>\$ 581,346</b>	<b>\$ 779,743</b>	<b>\$ 198,397</b>	<b>34.1%</b>	<b>\$ 1,069,818</b>	<b>\$ (290,075)</b>	<b>-27.1%</b>

Total revenues collected through March 2025 were \$779,700 as compared to a budget of \$581,300 and were 34% 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 throughout the first quarter of the year due to backpay 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 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 \$104,200, approximately one-third of their 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.



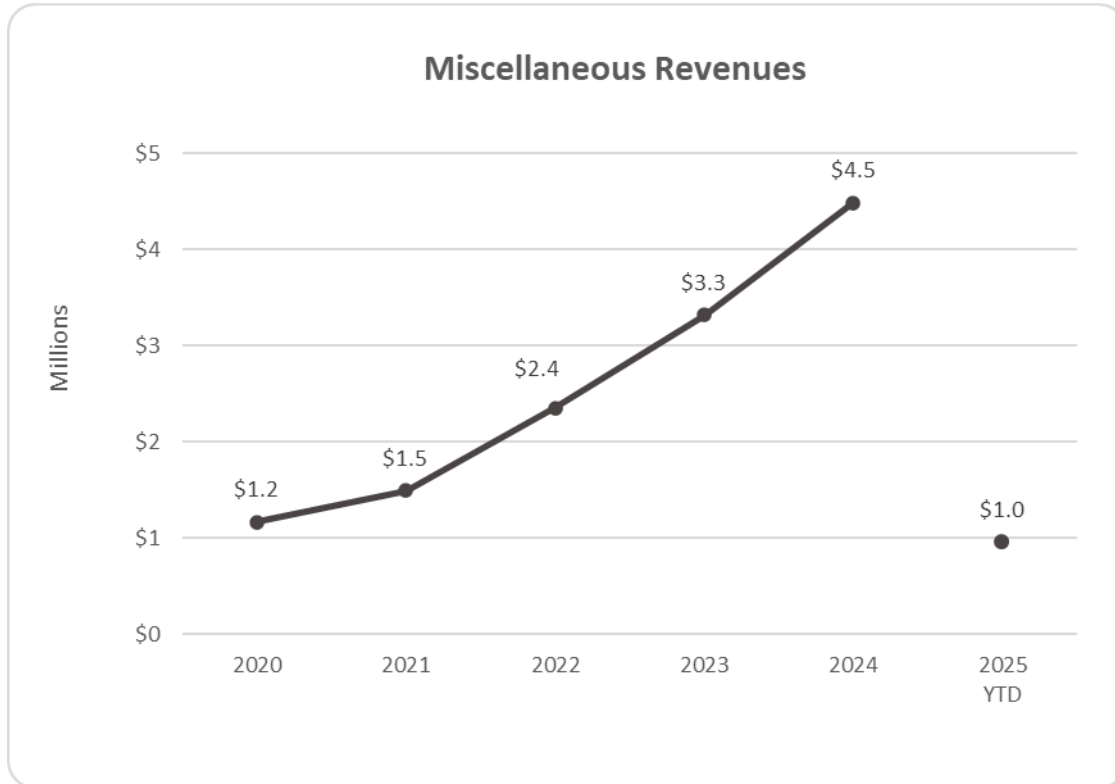
**Miscellaneous Revenues** consist of investment earnings, income from facility rentals, revenue collected for golf cart rentals at the Auburn Golf Course, contributions and donations, and other income including the quarterly purchasing card (P-card) rebate monies. The most significant miscellaneous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

Miscellaneous Revenues by Type Through March 2025								
Revenue	2025			Favorable (Unfavorable)		2024	2025 YTD Actual vs. 2024 Actual	
	Annual Budget	YTD Budget	YTD Actual	Amount	Percentage	YTD Actual	Amount	Percentage
Interest & Investments	\$ 782,500	\$ 138,679	\$ 617,105	\$ 478,426	345.0%	\$ 427,829	\$ 189,276	44.2%
Rents & Leases	1,155,180	259,600	302,492	42,892	16.5%	289,213	13,280	4.6%
Contributions & Donations	15,000	782	5,167	4,385	560.8%	2,352	2,815	119.7%
Other Miscellaneous Revenue	208,000	61,882	37,995	(23,888)	-38.6%	196,211	(158,216)	-80.6%
Total	\$ 2,160,680	\$ 460,943	\$ 962,759	\$ 501,816	108.9%	\$ 915,604	\$ 47,154	5.2%

Revenues collected year-to-date 2025 in this category totaled \$962,800 and were \$501,800 or 109% favorable to budget. Of the favorable variance to budget, 95% was comprised of interest and investment collections, far exceeding budget expectations due to higher-than-expected interest rates (although lower than prior year) and the maturation of multiple investments during the first quarter.

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 \$42,900 against year-to-date budget expectations, with a temporary easement of City property contributing significantly to the variance. However, golf carts and other rentals were unfavorable to budget expectations by \$46,900, somewhat mitigating the 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 \$13,300 above 2024 collections throughout 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 \$158,200 less than the same timeframe last year and was also unfavorable to the year-to-date budget by \$23,900. This category normally includes revenue related to a national opioid settlement distribution program; the City did not receive settlement payments during the first quarter of the year, contributing to the unfavorable variance.



## 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 Real Estate Excise Tax Fund and transferred to other funds to use for governmental capital projects.

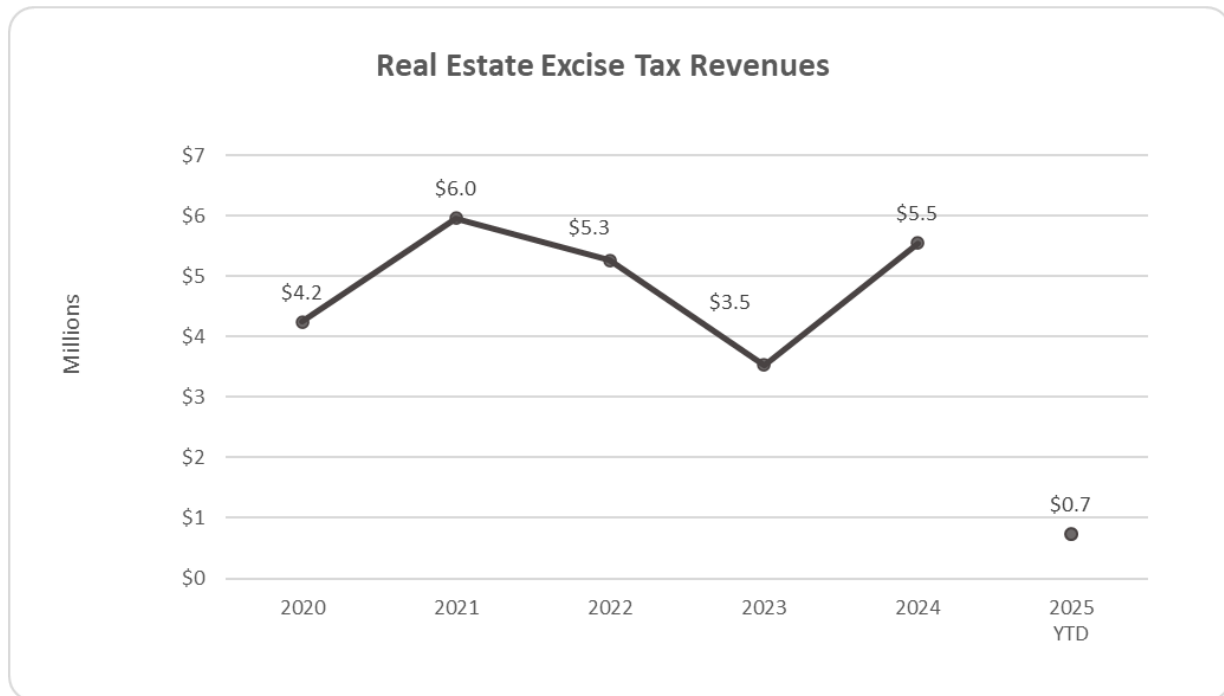
REET revenues collected year-to-date in 2025 total \$735,000 which is \$343,600 or 47% favorable to budget expectations. According to King County assessed valuations of property taxes, the County has increased in property value by 2%. Accompanied with lower interest rates currently, the current climate for real estate sales seem favorable within the State of Washington.

However, year-to-date REET collections in 2025 have decelerated compared to those of last year, and while collections are favorable to budget projections, it is the lowest first quarter total since 2018. This is a sign of a cooling market even though interest rates have declined since the peak in 2023.



Real Estate Excise Tax Revenues Through March 2025								
Revenue	2025			Favorable (Unfavorable)		2024	2025 YTD Actual vs. 2024 Actual	
	Annual Budget	YTD Budget	YTD Actual	Amount	Percentage	YTD Actual	Amount	Percentage
Real Estate Excise Tax	\$ 1,840,500	\$ 391,435	\$ 734,997	\$ 343,562	46.7%	\$ 1,111,752	\$ (376,755)	-33.9%
Total	\$ 1,840,500	\$ 391,435	\$ 734,997	\$ 343,562	46.7%	\$ 1,111,752	\$ (376,755)	-33.9%

Overall 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 December of last year and has remained static throughout the first quarter. With market uncertainty throughout the country, the City is monitoring REET collections meticulously. Generally, REET revenues have reflected the overall market volatility in recent years, with a standard deviation of \$960,600 or 102% of the average annual collections over the time period of 2017 to 2024. The large variance from prior year collections is due to two large purchases of commercial property within City limits last year.



### 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 March 31, 2025, the City has been able to spend \$711,366 year-to-date and \$7.6 million since 2021 on the following projects:

Title	Budget	2025		
		Q1 Spend	Lifetime Spend (includes this quarter)	Remaining
<b>Completed Projects</b>	<b>2,884,452</b>	-	2,745,358	-
Neighborhood Street Light Program	1,300,000	397,707	802,037	497,963
Neighborhood Traffic Calming	200,000	187,463	200,000	-
Recreation Access Grants	150,000	-	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	-	137,836	-
2023 Local Street Preservation	501,886	-	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	392	53,231	96,769
Emergency Housing Voucher Program	2,000,000	87,432	663,314	1,336,686
DEI Dashboard (Inclusive Auburn)	130,000	-	92,805	37,195
Duct cleaning in applicable buildings	150,000	-	184,219	-
Encampment Cleanup	500,000	-	456,403	43,597
Downtown Sidewalk Replacement on Main Street and B Street Plaza Surface Replacement	1,819,409	16,173	629,001	1,190,408
Cameras in qualified census tracts	150,000	-	211,158	-
Community Violence Intervention Programs (Drone, SPIDR Tech)	236,248	-	204,436	31,812
Arts Culture Center Renovations	100,000	-	-	100,000
Auburn Ave Theater Demolition	490,000	500	438,272	51,728
Signing Bonuses for Police Lateral Hires	200,000	21,699	240,881	-
<b>Other Projects (not started)</b>	<b>1,838,037</b>	-	-	1,838,037
<b>Total:</b>	<b>14,751,231</b>	<b>711,366</b>	<b>7,595,756</b>	<b>7,155,475</b>

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 1<sup>st</sup> 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. Construction has begun and is anticipated to be completed by the end of 2025. Total spend of this project so far is \$629,001, with \$16,173 spent in the first quarter.

The project *Neighborhood Traffic Calming* (cp2305) constructed traffic circles on B St SE at 13<sup>th</sup> St SE and 15<sup>th</sup>, as well as installed speed cushions on F St SE, G St SE and H St SE between 12<sup>th</sup> St SE and 21<sup>st</sup> St SE, and K St SE between 17<sup>th</sup> St SE and 21<sup>st</sup> St SE. The purpose of these improvements is to improve safety for all road users, reduce vehicle speed, and discourage cut-through vehicle traffic through the construction of physical traffic calming measures. The project team completed construction in the first quarter of 2025. Total spent on this project was \$222,870 with \$187,463 spent in the first quarter.

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. There are currently 24 individuals utilizing this program. Life-to-date project spend is \$663,314, with \$87,432 occurring in Q1-2025.

The 2024 *Neighborhood Street Light Program* project (CP2317) includes construction of new sidewalks, installation of new streetlights, replacement of sidewalk panels, installation of rectangular rapid flashing beacons with a new raised crosswalk, and implementation of traffic



calming measures throughout the City of Auburn. The project is currently in the construction phase and is about 75% complete. The project is waiting for the installation of streetlights at two sites and a rectangular flashing beacon with the raised crosswalk at a third site. The project is anticipated to be completed this summer. Total spending to date is \$802,037 with \$397,707 being spent in the first quarter.

### Enterprise Funds

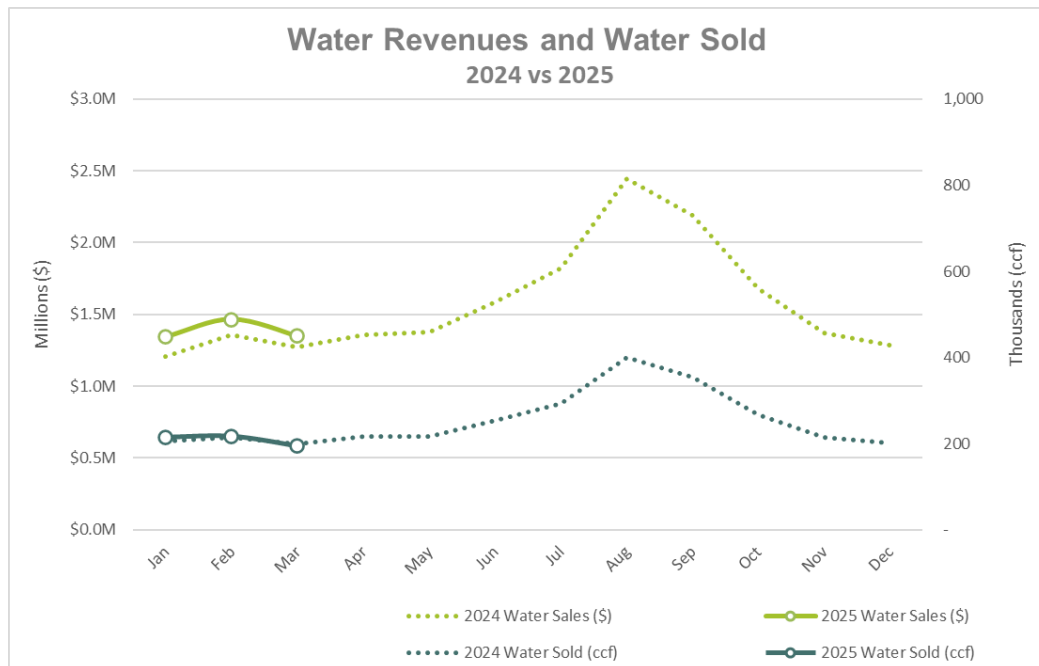
Beginning in 2025, both operating and capital utility activities are included within one enterprise fund. Prior to this year, these activities were divided between operating funds and capital sub-funds. Operating activities include revenues and expenditures associated with the operations of the fund, whereas capital activities relate to construction and capital acquisitions. The net effect of these activities equals the change in the fund's working capital balance. The working capital balance is calculated as current assets minus current liabilities.

In 2025 the City charged all departments the full insurance allocation in the first quarter, rather than spreading the allocation over twelve months. This resulted in higher year-over-year variances in interfund charges in the first quarter, which will level out as the year progresses.

Through March 2025, the **Water Utility Fund** had operating income of \$1.2 million (operating revenues less operating expenditures), relatively flat compared to the same period last year. First quarter activity is consistent with the seasonality of this revenue stream, where revenues remain relatively low early in the year and then increase in the second and third quarters as the weather grows warmer. While operating revenues increased \$415,000 from \$4.1 million in Q1-2024 to \$4.5 million in Q1-2025, operating expenses also increased (+\$424,000). Most of the increase in operating revenues was due to increased rates and consumption; charges for service revenues were \$4.2 million through Q1-2025 compared to \$3.9 million through Q1-2024, an increase of 8.7%. The primary driver of the increased operating expenses from the prior year was interfund charges (+\$414,000), which includes insurance as mentioned above.

Compared to projections, the fund's operating income is \$737,000 favorable to the year-to-date budget. Operating revenues were \$403,000 higher than anticipated through Q1-2025, with interest earnings outperforming budget expectations by \$238,000 along with higher charges for services (+\$161,000). Operating expenditures had a \$334,000 favorable variance to budget, driven by lower-than-expected supplies costs (-\$12,000), as well as lower interfund utility and excise taxes (-\$97,000) and external utility expenditures (-\$105,000).

Billable water consumption through Q1-2025 totaled 625,000 ccf (hundred cubic feet), which is relatively flat (+7,600 ccf, or 1.0% higher) than consumption in Q1-2024. The largest increase in consumption was seen in the manufacturing customer class, as well as in multi-family and irrigation customer classes. These gains were offset by decreases in the commercial and single-family categories.



Compared to the same period last year, the **Sewer Utility Fund** saw a decrease in operating income, finishing Q1-2025 with \$1.2 million in operating income, \$125,000 lower than Q1-2024. Operating revenues were up \$174,000 from the same period last year due to strong performance in charges for City sewer service (+\$155,000, or 5.9%) and slightly higher interest earnings (+\$20,000). These gains were offset by higher increases in operating expenses. Total operating expense increased \$300,000 from \$1.6 million through Q1-2024 to \$1.9 million through Q1-2025. These increases were due primarily to increased interfund charges (+\$255,000) along with increased supply costs (+\$46,000).

Through Q1-2025, this fund performed better than budget expectations with a \$722,000 favorable variance in operating revenues, both in charges for service (+\$454,000) and interest earnings (+\$317,000). Additionally, operating expenditures had a \$290,000 favorable variance compared to budget expectations, due to savings in personnel costs (+\$52,000) and timing differences for B&O and excise tax charges (+\$182,000).

The **Stormwater Utility Fund** had operating income of \$834,000 through Q1-2025, a slight decrease (-\$50,000) from the same period last year. While operating revenues were higher through Q1-2025 compared to Q1-2024 (+\$203,000), operating expenses for this fund were also higher during this same period (+\$253,000). Charges for service revenue increased \$217,000, or 7.0%, from Q1-2024. Primary drivers for the increase in operating expenditures were increased personnel costs (+\$46,000), and interfund charges (+\$186,000).

This fund also outperformed budget expectations, with a \$295,000 favorable to budget variance in operating income, driven mainly lower than anticipated B&O taxes (+\$17,000) and timing differences for other miscellaneous service costs (+\$54,000). Operating revenues also outperformed budget expectations by \$164,000, due to higher than anticipated charges for service (+\$56,000) and interest earnings (+\$108,000).

The **Solid Waste Utility Fund** finished Q1-2025 with operating income of \$1.7 million, which is \$3.3 million lower than operating income reported through same period last year. This variance is due to the timing differences between revenues and expenditures recorded in the prior year. In Q1-

2024, there was a lag in billings paid to the City's external solid waste provider, resulting in less expenditures than anticipated. These timing differences generally occur throughout the year but are resolved by year end. Operating revenues increased \$563,000, driven by an increase of \$596,000 (+7.9%) in charges for service. This increase is a direct result of the service rates adopted in Ordinance #6920.

Compared to budget expectations, operating revenues were higher than anticipated (+\$337,000) due primarily to charges for service (+\$332,000). Operating expenses were also higher than expected (+\$87,000) due primarily to higher-than-expected utility and excise taxes (+\$254,000) and partially offset by lower than anticipated payments to the City's solid waste provider (-\$125,000). In total, the fund had a \$250,000 favorable variance in operating income compared to budget expectations through Q1-2025.

### **Internal Service Funds**

No significant variances are reported in the **Insurance, Workers' Compensation, Facilities, Innovation & Technology**, or **Equipment Rental** Funds.

### **Contact Information**

This report is prepared by the Finance Department. Additional financial information can also be viewed at our website: <http://www.auburnwa.gov/>. For any questions about this report please contact Jamie Thomas at [jdthomas@auburnwa.gov](mailto:jdthomas@auburnwa.gov).