

AGENDA BILL APPROVAL FORM

Agenda Subject:

2nd Quarter 2025 Financial Report (Thomas) (20 Minutes)
Financial Report through June 30, 2025

Meeting Date:

September 8, 2025

Department:

Finance

Attachments:

Financial Report through June
2025 , 2025 Q2 Financial Update

Budget Impact:**Administrative Recommendation:**

For discussion only.

Background for Motion:**Background Summary:**

The financial report summarizes the general state of Citywide financial affairs and highlights significant items or trends that the City Council should be aware of. The attachment provides year-to-date financial activity through June 30, 2025, based on financial data available as of July 25, 2025.

Councilmember: Kate Baldwin

Staff: Jamie Thomas

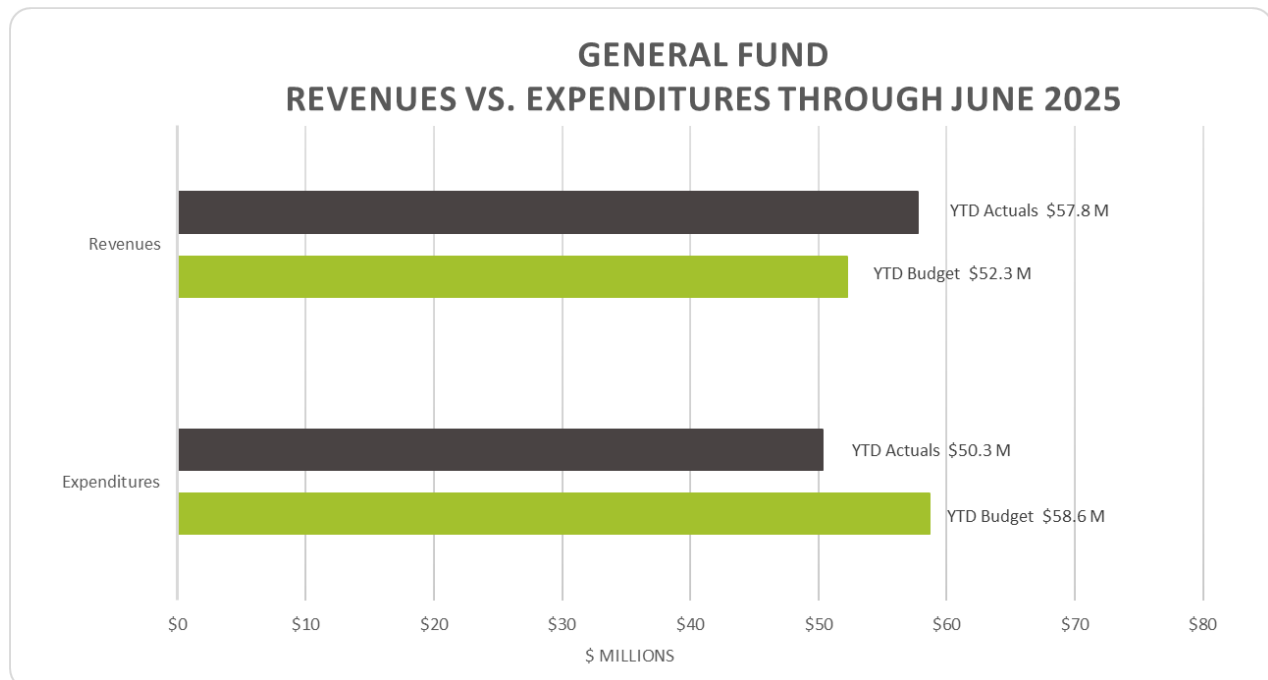
This report provides an overview of the City's overall cash-basis financial position for the fiscal period ending June 30, 2025, reflecting data available as of July 25, 2025. References to budget, actual and prior year amounts reflect year-to-date numbers, unless otherwise stated. Year-to-date budget 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 City saw in prior years will diminish in magnitude this year. With the adoption of Ordinance #6975 in June, the 2025 annual budget consists of \$105.9 million in revenues and \$119.6 million in expenditures - a planned decrease in General Fund balance of \$13.7 million.

Through the second quarter of 2025, the General Fund outperformed revenue expectations by \$5.5 million or 11%. However, General Fund revenue collections are \$3.2 million or 5% lower 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 second quarter the City collected \$7.0 million in B&O taxes, which includes backdated collections. Despite a strong first half of the year 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. Also contributing to the favorable revenue variance is the expansion of the photo enforcement program, which has generated \$1.1 million in revenue year-to-date. The City saw expenditures increase from the same period last year by \$2.0 million or 4%. This is due to planned increases in overhead costs, professional services (citywide projects and improvements), and insurance premiums.

Overall, General Fund revenues collected through Q2-2025 totaled \$57.8 million as compared to the year-to-date budget of \$52.3 million, and were \$5.5 million, or **11% above** budget expectations. General Fund expenditures totaled \$50.3 million compared to the year-to-date budget of \$58.6 million, resulting in a \$8.3 million or **14% underspend**.



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

- Business and Occupation Tax: Revenues collected throughout Q2-2025 totaled \$7.0 million, exceeding the year-to-date budget by \$1.8 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 Q2-2025, interest and investment earnings have totaled \$1.2 million in collections and hold a \$930,000 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]**
- Electric Utility Tax: Revenues collected throughout Q2-2025 have totaled \$2.7 million, compared to a year-to-date budget of \$1.9 million. Electric utility tax revenue collections are the highest they have been in the last eight years, outperforming prior year totals through the same timeframe by \$215,000. This is due to higher than anticipated usage throughout the City. **[pages 9-10]**
- Fines and Penalties: Throughout Q2-2025, fines and penalties revenues have totaled \$1.8 million and hold a favorable variance against budget projections by \$585,000 or 50%. This is mainly due to the enhancement of the Photo Enforcement program, from which the City has collected \$1.1 million year-to-date. This program alone accounts for 61% of revenues collected in this category. However, photo enforcement collections compared to prior year totals are down \$568,000 or 33%. This was anticipated by the City as the program goal of increasing safety takes effect. **[pages 18-19]**
- Intergovernmental: Q2-2025 revenues collected totaled \$2.6 million and were \$651,000 lower than budget expectations. The timing of collections from federal and state grants are the main contributor to the unfavorable variance. Grants are generally received on a reimbursement basis, meaning that lower revenues in this category correspond to lower expenditures based on the timing of the project underlying the grant award. **[page 15]**

Expenditures: Most of the City's departments operated within year-to-date expectations throughout the second 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 \$8.3 million. Contributing to the favorable variance was a savings in salaries and benefits expenses of roughly \$3.1 million; as of the compilation of this report, there were 35 vacant regular full-time positions in the City. Additionally, services and charges were below budget expectations throughout the second quarter by roughly \$3.2 million. This is partially due to the timing of spending on non-ARPA related projects in progress within the City.

Enterprise Funds Overview

The City's enterprise funds account for operations with revenues primarily provided from user fees, charges, or contracts for services. In the prior year, 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 Q2-2025, interest earnings for the City's enterprise funds were \$1.8 million, an increase of only +\$7,000 from Q2-2024.

The **Water Utility Fund** ended Q2-2025 with operating income of \$2.9 million, an increase of \$197,000 compared to the same period last year. This variance is due primarily to increased revenues from charges for services (+\$802,000), while expenditures also increased by +\$598,000 mainly due to interfund operating expenses and personnel charges. Overall, the fund's operating income has a \$1.4 million favorable variance to year-to-date budget expectations, driven by strong performance in charges for service and interest and investment earnings on the revenue side and lower-than-expected service charge expenditures. [pages 24-25]

The **Sewer Utility Fund** ended Q2-2025 with operating income \$75,000 higher than Q2-2024, coming in at \$2.5 million. While operating revenues increased \$341,000 compared to the same period last year, operating expenditures also increased (+\$266,000). The increase in operating expenditures was driven primarily by increased interfund charges (+\$376,000). In total, operating income for this fund was \$2.2 million higher compared to our budget projections, due to favorable variances in both operating revenues (+\$1.5 million) and operating expenses (-\$652,000). [page 25]

The **Stormwater Utility Fund** ended Q2-2025 with operating income of \$1.8 million, \$21,000 higher than operating income through the same period last year. Operating revenues increased \$505,000 compared to the prior year, mainly due to an increase in charges for storm service (+433,000) and interest and investment earnings (+\$74,000). Operating expenditures for this fund also increased compared to the prior year (+\$484,000), due mainly to increased service charges (+\$83,000) and interfund charges (+\$350,000). This fund outperformed operating income budget projections by \$800,000 through Q2-2025, due to favorable budget variances in both operating revenues (+\$594,000) and expenditures (-\$206,000). [page 25]

The **Solid Waste Utility Fund** ended Q2-2025 with operating income of \$453,000, a \$923,000 increase compared to the operating loss in Q2-2024. This variance is due to an increase in charges for services revenues (+\$1.2 million) due to higher service rates adopted in 2025, while operating expenses saw a smaller increase (+\$184,000). In all, operating income for this fund came in - \$192,000 lower than expected, driven by a favorable budget variance in revenues (+\$477,000) offset by higher than anticipated expenditures (+\$669,000). 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

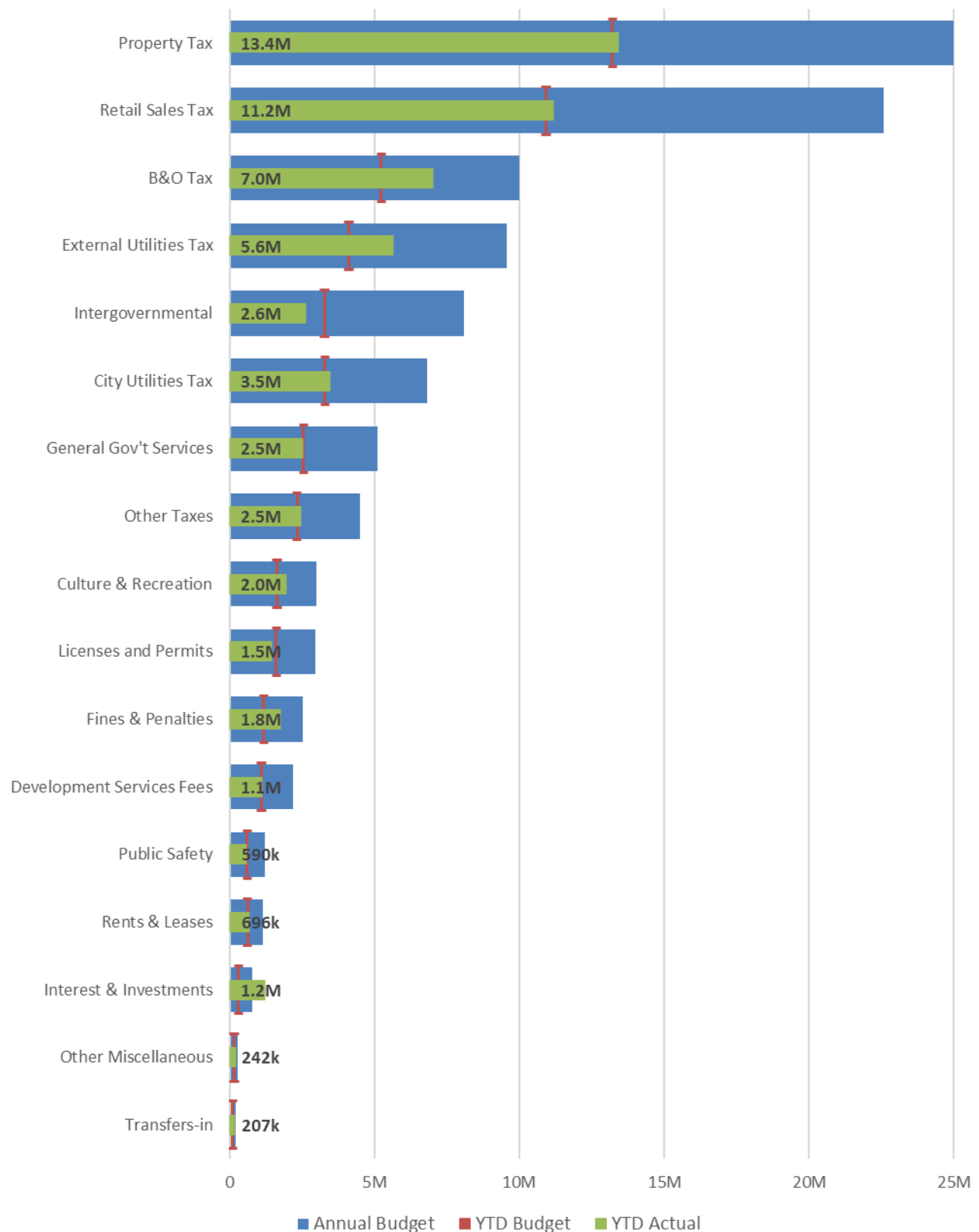
Internal service funds provide services to other City departments and include functions such as Insurance, Worker's Compensation, Facilities, Innovation & Technology, and Equipment Rental. No significant variances were reported in these funds during Q2-2025. [page 26]

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
Operating Revenues								
Property Tax	\$ 25,002,800	\$ 13,211,200	\$ 13,438,669	\$ 227,469	1.7 %	\$ 13,013,003	\$ 425,666	3.3 %
Retail Sales Tax	22,579,330	10,924,600	11,176,312	251,712	2.3 %	11,034,366	141,946	1.3 %
Affordable Housing Sales Tax Credit	148,000	47,800	47,903	103	0.2 %	47,917	(14)	(0.0) %
Sales Tax - Pierce County Parks	131,100	63,200	65,983	2,783	4.4 %	65,256	727	1.1 %
Criminal Justice Sales Tax	3,067,500	1,479,800	1,507,809	28,009	1.9 %	1,471,722	36,088	2.5 %
Brokered Natural Gas Tax	314,000	213,300	147,479	(65,821)	(30.9) %	158,200	(10,720)	(6.8) %
City Utilities Tax	6,828,200	3,287,200	3,493,734	206,534	6.3 %	3,273,192	220,542	6.7 %
Business & Occupation Tax	9,991,700	5,237,813	7,035,190	1,797,377	34.3 %	6,492,740	542,450	8.4 %
Admissions Tax	252,500	134,900	234,950	100,050	74.2 %	412,521	(177,571)	(43.0) %
Electric Tax	4,695,800	1,881,500	2,661,010	779,510	41.4 %	2,445,863	215,146	8.8 %
Natural Gas Tax	1,417,400	780,300	1,012,226	231,926	29.7 %	832,703	179,523	21.6 %
Cable Franchise Fee	888,000	444,000	355,924	(88,076)	(19.8) %	386,847	(30,923)	(8.0) %
Cable Utility Tax	917,400	458,700	423,085	(35,615)	(7.8) %	412,496	10,590	2.6 %
Cable Franchise Fee - Capital	51,200	25,600	17,756	(7,844)	(30.6) %	20,167	(2,411)	(12.0) %
Telephone Tax	606,240	285,271	394,074	108,803	38.1 %	386,423	7,651	2.0 %
External Utility Tax	987,500	241,802	779,482	537,680	222.4 %	583,042	196,441	33.7 %
Leasehold Excise Tax	286,000	246,200	265,124	18,924	7.7 %	255,613	9,510	3.7 %
Gambling Excise Tax	287,500	142,451	222,223	79,772	56.0 %	94,389	127,834	135.4 %
Taxes sub-total	\$ 78,452,170	\$ 39,105,636	\$ 43,278,931	\$ 4,173,295	10.7 %	\$ 41,386,459	\$ 1,892,472	4.6 %
Business License Fees	\$ 585,100	\$ 293,200	\$ 373,833	\$ 80,633	27.5 %	\$ 300,660	\$ 73,173	24.3 %
Building Permits	950,200	508,200	674,669	166,469	32.8 %	571,910	102,759	18.0 %
Other Licenses & Permits	1,414,300	811,300	412,872	(398,428)	(49.1) %	755,392	(342,520)	(45.3) %
Intergovernmental (Grants, etc.)	8,095,610	3,279,318	2,628,262	(651,056)	(19.9) %	3,611,258	(982,996)	(27.2) %
Charges for Services:								
General Government Services	5,114,176	2,557,088	2,549,857	(7,231)	(0.3) %	2,270,820	279,037	12.3 %
Public Safety	1,215,556	607,778	589,818	(17,960)	(3.0) %	630,328	(40,509)	(6.4) %
Development Services Fees	2,175,100	1,100,700	1,122,634	21,934	2.0 %	623,247	499,387	80.1 %
Culture and Recreation	2,981,200	1,634,879	1,974,843	339,964	20.8 %	1,884,830	90,014	4.8 %
Fines and Penalties	2,522,706	1,180,928	1,765,834	584,905	49.5 %	2,143,975	(378,141)	(17.6) %
Fees/Charges/Fines sub-total	\$ 25,053,948	\$ 11,973,391	\$ 12,092,624	\$ 119,232	1.0 %	\$ 12,792,419	\$ (699,796)	(5.5) %
Interest and Investment Earnings	\$ 782,500	\$ 304,886	\$ 1,235,349	\$ 930,464	305.2 %	\$ 945,672	\$ 289,677	30.6 %
Rents and Leases	1,155,180	618,100	695,625	77,525	12.5 %	786,591	(90,966)	(11.6) %
Contributions and Donations	33,623	10,117	13,996	3,879	38.3 %	11,919	2,077	17.4 %
Other Miscellaneous	223,180	135,064	176,398	41,334	30.6 %	529,509	(353,111)	(66.7) %
Transfers In	206,558	103,279	206,558	103,279	100.0 %	4,482,645	(4,276,087)	(95.4) %
Insurance Recoveries - Capital & Operating	25,000	12,500	51,623	39,123	313.0 %	29,294	22,329	76.2 %
Other Revenues sub-total	\$ 2,426,041	\$ 1,183,946	\$ 2,379,549	\$ 1,195,603	101.0 %	\$ 6,785,630	\$(4,406,081)	(64.9) %
Total Operating Revenues	\$ 105,932,159	\$ 52,262,974	\$ 57,751,104	\$ 5,488,130	10.5 %	\$ 60,964,509	\$(3,213,404)	(5.3) %
Operating Expenditures								
Council & Mayor	\$ 1,951,839	\$ 1,078,986	\$ 839,428	\$ 239,558	22.2 %	\$ 779,722	\$ 59,707	7.7 %
Administration	1,055,607	535,865	464,641	71,224	13.3 %	646,351	(181,709)	(28.1) %
Human Resources	2,750,455	1,393,270	1,319,154	74,116	5.3 %	1,305,416	13,738	1.1 %
Municipal Court & Probation	3,754,752	836,476	850,070	(13,594)	(1.6) %	580,136	269,935	46.5 %
Finance	6,128,609	3,082,349	2,929,443	152,905	5.0 %	2,450,280	479,163	19.6 %
City Attorney	4,804,178	2,332,875	2,442,539	(109,664)	(4.7) %	2,296,015	146,524	6.4 %
Community Development	8,905,635	4,371,302	3,480,618	890,684	20.4 %	3,430,300	50,318	1.5 %
Human Services	5,176,012	2,592,639	1,168,823	1,423,816	54.9 %	1,272,496	(103,674)	(8.1) %
Office of Equity	1,051,203	537,698	322,708	214,990	40.0 %	447,395	(124,688)	(27.9) %
Jail - SCORE	5,900,000	2,950,200	2,927,616	22,584	0.8 %	2,432,988	494,628	20.3 %
Police	40,422,325	21,207,576	18,398,006	2,809,570	13.2 %	18,071,151	326,855	1.8 %
Public Works	4,826,501	2,626,720	2,886,331	(259,612)	(9.9) %	2,668,438	217,893	8.2 %
Parks, Arts & Recreation	17,265,391	8,531,185	8,173,320	357,865	4.2 %	8,041,914	131,406	1.6 %
Streets	5,811,498	2,968,846	2,544,612	424,234	14.3 %	2,389,086	155,526	6.5 %
Non-Departmental	9,843,185	3,594,275	1,565,690	2,028,585	56.4 %	1,529,437	36,253	2.4 %
Total Operating Expenditures	\$ 119,647,190	\$ 58,640,262	\$ 50,313,001	\$ 8,327,262	14.2 %	\$ 48,341,125	\$ 1,971,876	4.1 %

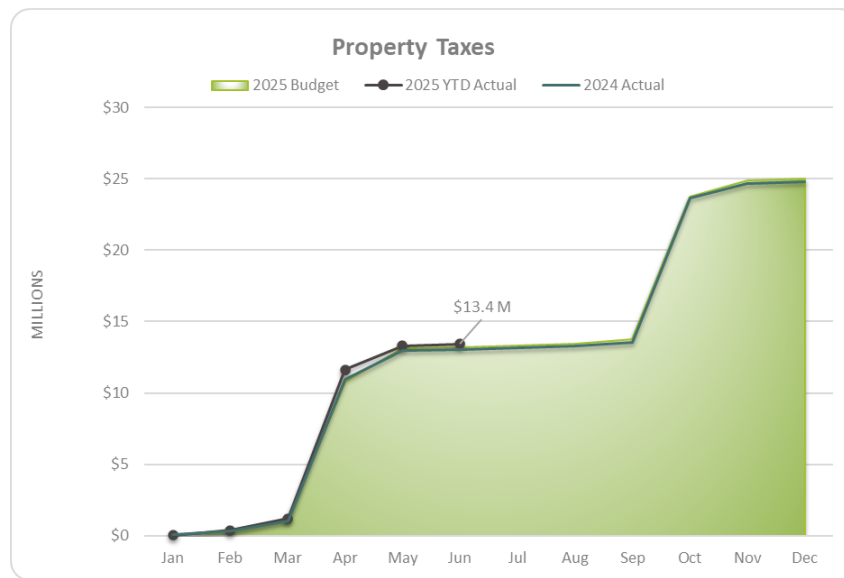
General Fund Revenues Budget Vs Actual



Revenue

Tax revenues, including property, sales/use, utility, business & occupation, gambling, and admissions taxes provide over 75% of all resources supporting general governmental activities. Licenses, charges for services, intergovernmental revenue (grants, state shared revenue, etc.) and fines contribute a further 21% of total revenue to the General Fund. The remaining 4% 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 second quarter totaled roughly \$13.4 million, approximately \$227,000 or 2% 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.

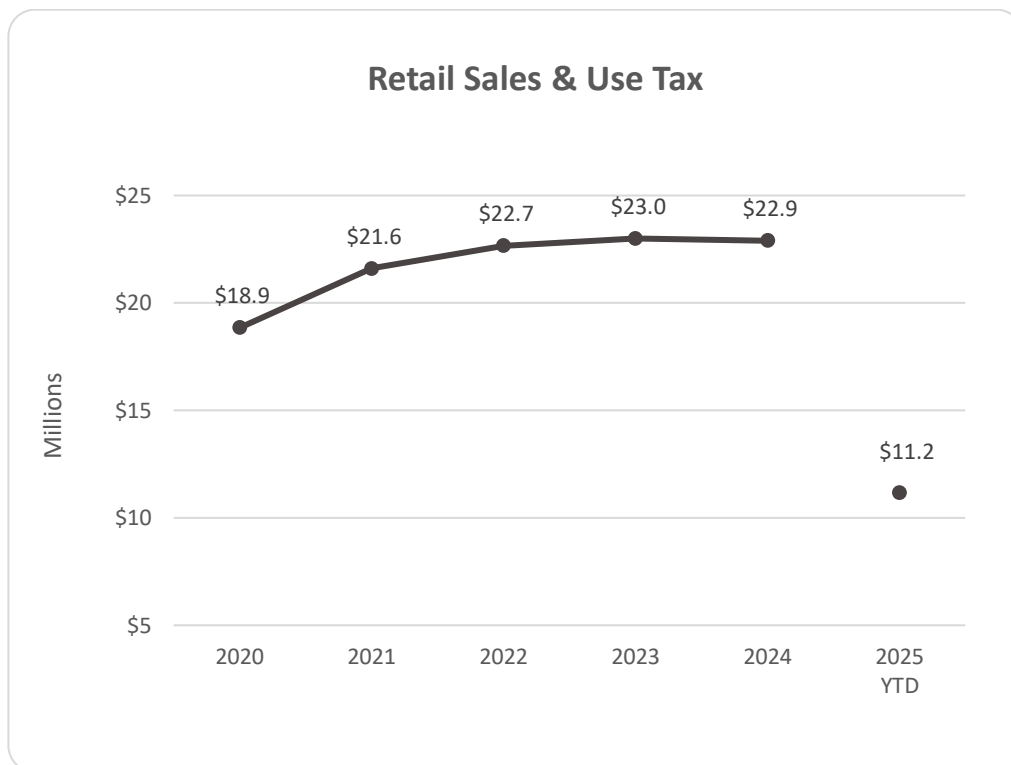


Retail Sales Tax collections throughout Q2-2025 totaled \$11.2 million, representing taxes remitted to the City of Auburn based on sales from November 2024 through April 2025. Overall, these revenues increased by \$142,000, or 1%, from Q2-2024 collections. Most industries saw higher overall collections, including automotive (+\$172,602), manufacturing (+\$85,681), and services (+\$48,290). Partially offsetting the increases were decreases in the construction (-\$110,386) and wholesale trade industries (-\$45,310), as well as the miscellaneous category, which largely consists of remitters with no identified industry classification (-\$39,347). In comparison to the year-to-date budget, these revenues are also favorable by nearly \$251,712 or 2% through the second 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's retail sales tax budget is \$22.6 million for fiscal year 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 July 2025 economic forecast, King County estimated¹ that sales tax revenues will have an annual growth of 0.9% from 2024 collections. By comparison, the City's budget currently reflects a decline in sales tax revenues of -1% from 2024 collections. Auburn generally experiences a higher growth rate than the County does, and has experienced a

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

cumulative annual growth rate of 5% between 2019 and 2024. However, the rate of growth is volatile and has been in decline since a peak in 2019.



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

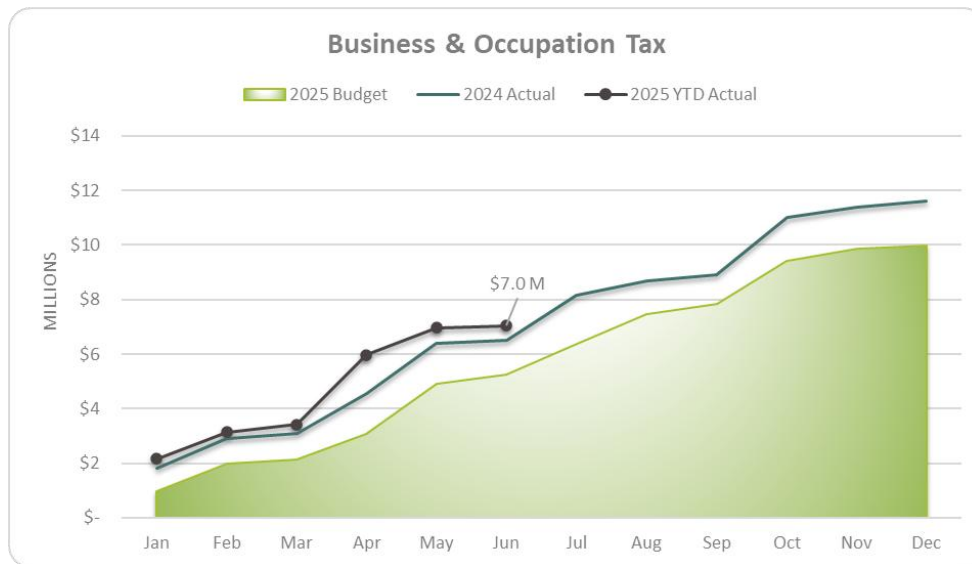
Comparison of Retail Sales Tax Collections by Group Through June 2025				
Component Group	2024	2025	Change from 2024	
	YTD Actual	YTD Actual	Amount	Percentage
Construction	\$ 1,236,766	\$ 1,126,380	\$ (110,386)	(8.9) %
Manufacturing	149,263	234,944	85,681	57.4 %
Transportation & Warehousing	160,368	173,253	12,885	8.0 %
Wholesale Trade	837,152	791,842	(45,310)	(5.4) %
Automotive	2,370,159	2,542,761	172,602	7.3 %
Retail Trade	3,254,196	3,271,726	17,530	0.5 %
Services	2,829,364	2,877,654	48,290	1.7 %
Miscellaneous	197,099	157,752	(39,347)	(20.0) %
YTD Total	\$ 11,034,366	\$ 11,176,312	\$ 141,946	1.3 %

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 second quarter of the year totaled \$7.0 million versus a year-to-date budget of \$5.2 million. Of the \$7.0 million collected, roughly \$3.7 million or 52% consists of back taxes being paid. Current 2025 collections outpace 2024 collections through the same period by \$542,000 (8%), although recovery of back taxes is anticipated to decrease over time.

Comparing collections to prior year-to-date totals, the City has collected roughly \$793,000 or 21% more revenue related to gross receipts, while square footage collections are \$-250,000 or -9% lower than prior year totals.

Business & Occupation Tax Through June 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	\$ 3,655,728	\$ 4,494,806	\$ 839,078	23.0%	\$ 3,701,984	\$ 792,822	21.4%
Square Footage	3,018,000	1,582,085	2,540,384	958,299	60.6%	2,790,756	(250,372)	-9.0%
Total	\$ 9,991,700	\$ 5,237,813	\$ 7,035,190	\$ 1,797,377	34.3%	\$ 6,492,740	\$ 542,450	8.4%



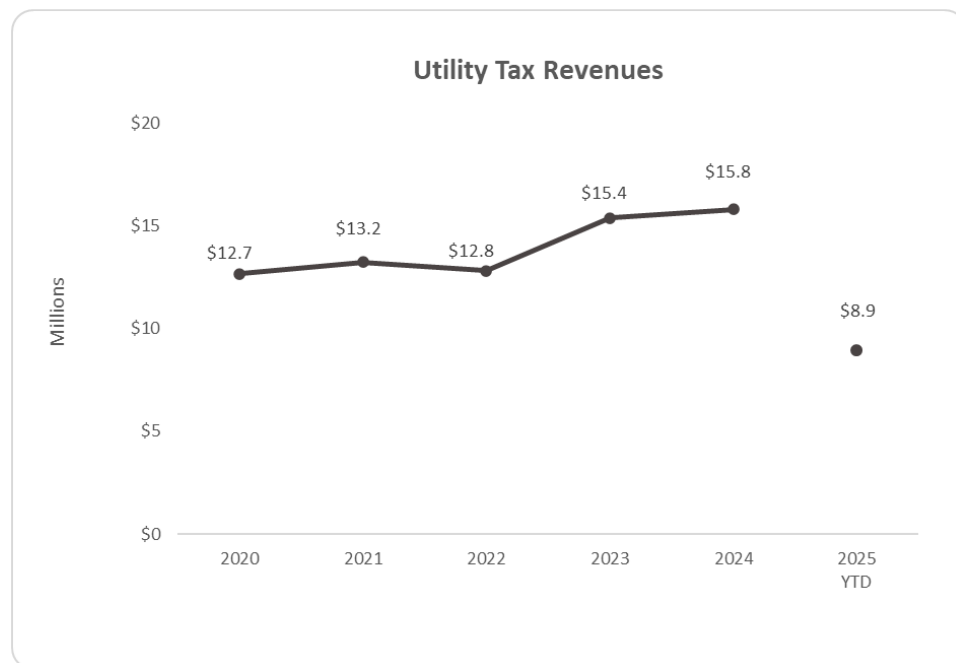
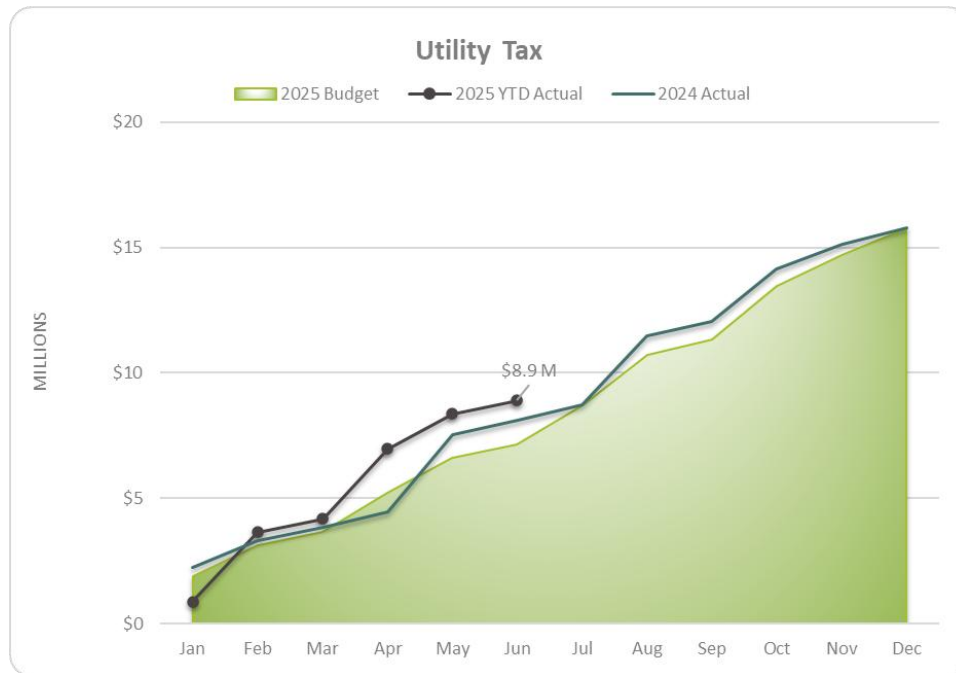
Utility Taxes consist of an 11.5% tax on the gross revenues of water, sewer, storm drainage and solid waste utilities and a 6.0% tax on electric, natural gas, and telephone utilities operating within the City. Of those utilities taxed at 11.5%, the General Fund receives 9.0% while the remaining 2.5% 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 \$819,000 or 10% from Q2-2024, and are \$1.8 million favorable to budget. Roughly 56% 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 \$6.2 million of the collected \$8.9 million throughout the second quarter of 2025.

Currently, the largest portion of the overall favorable variance to budget occurs within the electric utility taxes category due to an increase in electric rates effective in 2025. The remaining favorable variances are due to the collection of backdated taxes. The City anticipates these collections to slow as more utility taxes become current, since the collection of backdated taxes are assumed as a one-time collection. Furthermore, external utility taxes are \$538,000 above budget expectations and \$196,000 above prior year totals. This is due to higher collections of solid waste haulers which increased their rates at the beginning of the year. With this rate change, the City anticipates these revenues will continue the favorable variance throughout the year. Likewise, telephone taxes increased from Q2-2024 by \$8,000, 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.

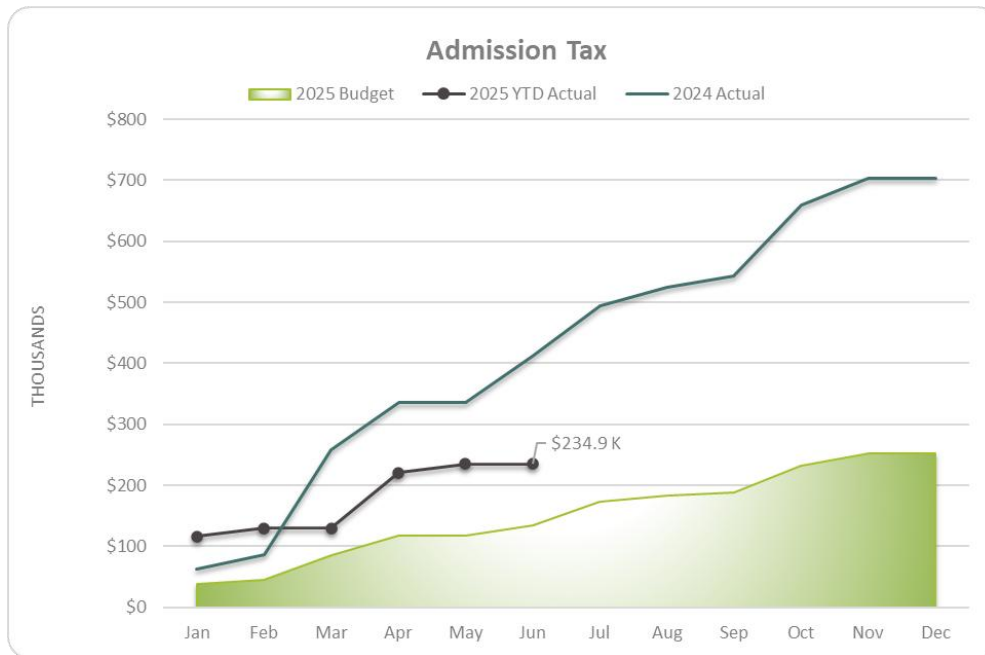
The table and charts below demonstrate the various utility tax revenues and show actual revenues compared to budget. Note that these amounts represent only the General Fund portion of revenues, and do not contain those revenues allocated for funding City streets projects.

Utility Tax by Type (General Fund Portion) Through June 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	\$ 3,287,200	\$ 3,493,734	\$ 206,534	6.3%	\$ 3,273,192	\$ 220,542	6.7%
Electric	4,695,800	1,881,500	2,661,010	779,510	41.4%	2,445,863	215,146	8.8%
Natural Gas	1,417,400	780,300	1,012,226	231,926	29.7%	832,703	179,523	21.6%
Telephone	606,240	285,271	394,074	108,803	38.1%	386,423	7,651	2.0%
External Utility Taxes	987,500	241,802	779,482	537,680	222.4%	583,042	196,441	33.7%
Brokered Natural Gas	314,000	213,300	147,479	(65,821)	-30.9%	158,200	(10,720)	-6.8%
Cable	917,400	458,700	423,085	(35,615)	-7.8%	412,496	10,590	2.6%
Total	\$ 15,766,540	\$ 7,148,073	\$ 8,911,090	\$ 1,763,017	24.7%	\$ 8,091,918	\$ 819,172	10.1%



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 \$235,000 collected through June 2025 were significantly lower (-43%) than through Q2-2024. 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 of roughly \$71,000 from prior year actuals. However, this revenue holds a favorable variance to budget of \$100,000 through the second quarter.



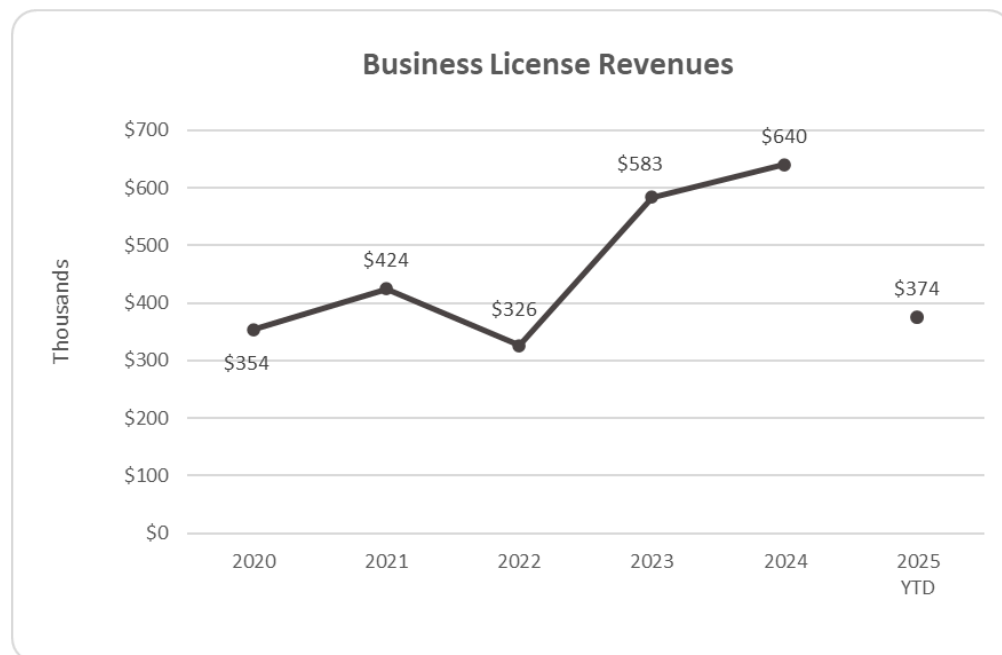
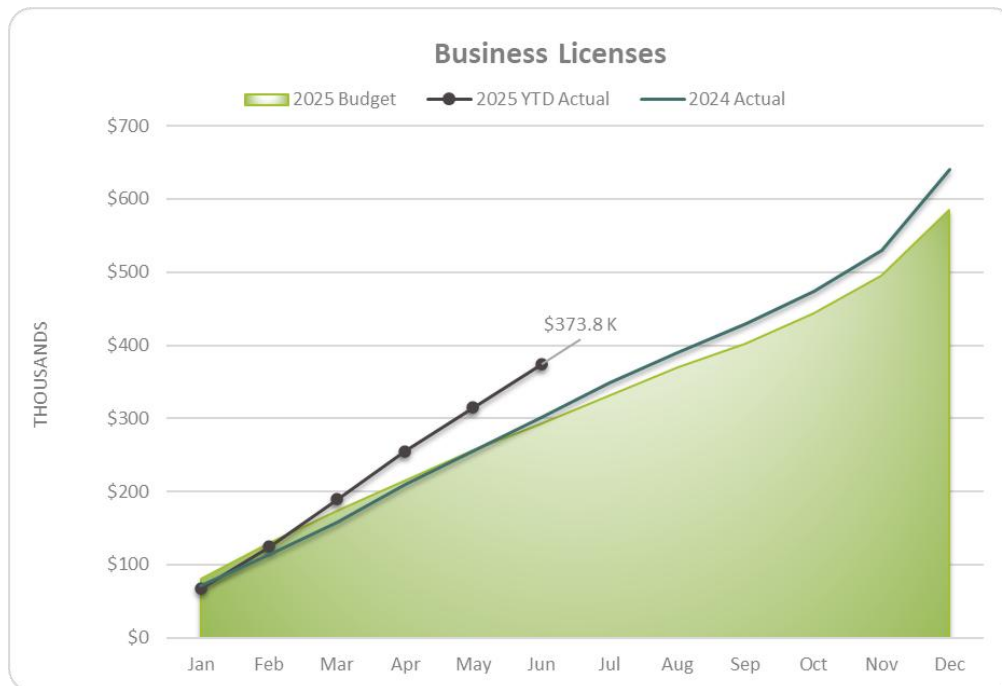
Gambling Tax applies to all card games, punch board games, pull tabs, bingo games, raffles and amusement games played within City limits. The majority of gambling tax revenues are collected from card games (64%) and amusement games (24%). At \$222,000 through the second quarter, collections are \$128,000 higher than 2024 year-to-date totals and report a \$80,000, or 56%, favorable variance to budget. The primary drivers of the favorable variance are higher collections from card games (+\$106,000) and amusement games (+\$28,000). 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 second quarter of the year average about \$118,000 but have been as high as \$170,000 (2023) and as low as \$76,000 (2020). The City will be monitoring these taxes closely, along with sales tax, as they serve as an indicator of disposable income in the economy.



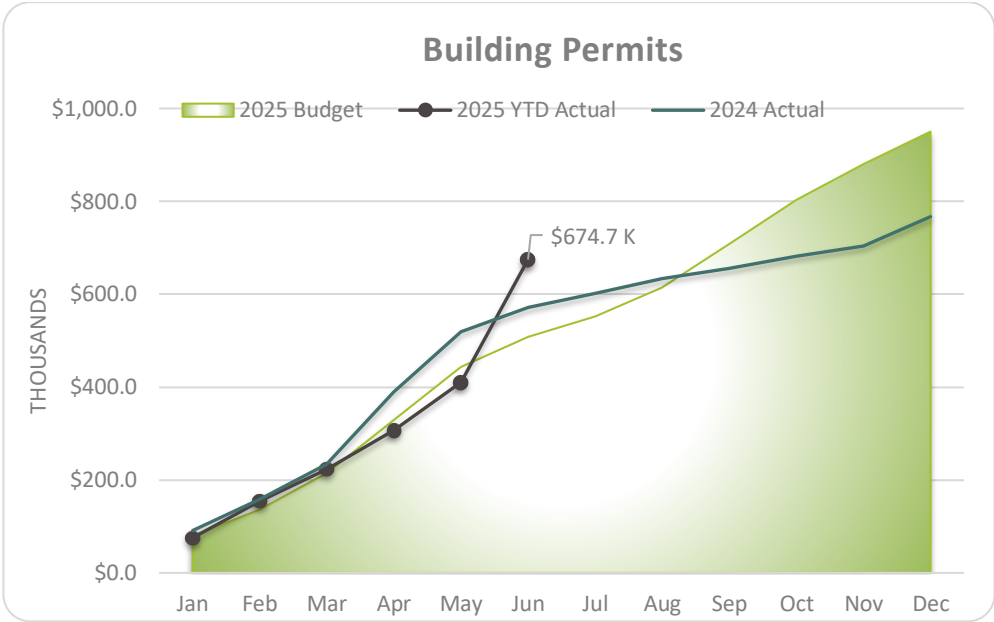
Licenses and Permits include business licenses, building permits, plumbing, electric and other licenses and permit fees. Building permit fees and business licenses typically comprise most of the budgeted revenue in this category, at approximately 46% and 26%, respectively.

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 \$374,000 so far in 2025 compared to \$301,000 in 2024, a 24% 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 \$81,000 or 28% 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.

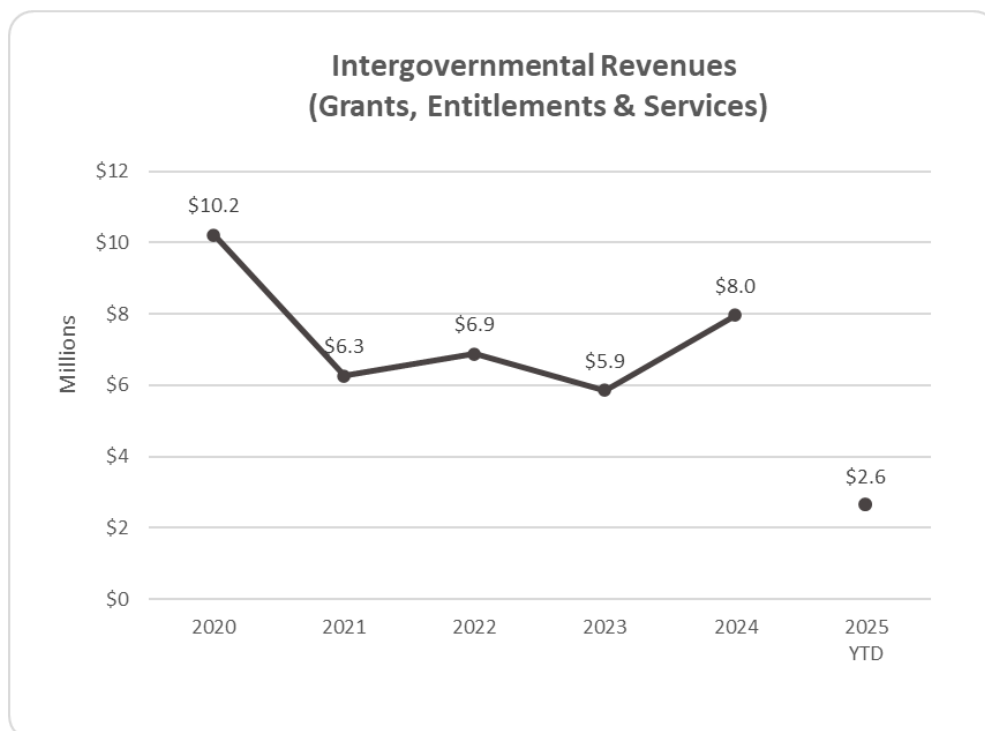


Building Permit revenues collected through June 2025 totaled \$675,000. Building permits are approximately \$103,000 higher than 2024 collections year-to-date, likewise, there is a favorable variance against the budget of \$166,000 (33%). A large contributing factor for this favorable variance versus 2024 totals is the increased valuation of construction permits on warehouses. However, the number of permits submitted throughout the second quarter have decreased by 44% over the same period last year, representing a decreased workload of construction throughout the City. There are two highly valued projects currently in progress in the City that account for the majority of the permit revenues through this timeframe.



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 Q2-2025 totaled \$2.6 million and were \$651,000 unfavorable to budget expectations. Much of this unfavorable variance is due to the timing of collection on federal and state grants. These grant 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 in 2025. Furthermore, the City's proposed 2025 MIT compact request was approved, and revenues from the request started to be collected in the beginning of the second quarter.

Intergovernmental Revenues (Grants, Entitlements & Services) Through June 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	\$ 1,103,661	\$ 275,915	\$ 34,000	\$ (241,915)	-87.7%	\$ 40,418	\$ (6,417)	-15.9%
State Grants	1,007,467	464,400	188,516	(275,884)	-59.4%	534,897	(346,381)	-64.8%
Interlocal Grants	460,682	174,100	88,345	(85,755)	-49.3%	281,149	(192,804)	-68.6%
Muckleshoot Casino Services	1,800,000	450,000	419,277	(30,724)	-6.8%	791,885	(372,608)	-47.1%
State Shared Revenues:								
Streamlined Sales Tax	460,900	230,450	256,040	25,590	11.1%	320,051	(64,010)	-20.0%
Motor Vehicle Fuel Tax	1,173,700	565,800	513,575	(52,225)	-9.2%	523,420	(9,844)	-1.9%
Criminal Justice - High Crime	291,200	145,600	149,583	3,983	2.7%	141,570	8,013	5.7%
Criminal Justice - Population	34,500	16,600	17,516	916	5.5%	16,393	1,124	6.9%
Criminal Justice - Special Prog.	121,100	68,000	61,437	(6,563)	-9.7%	75,643	(14,206)	-18.8%
Marijuana Excise Tax	200,600	100,300	97,769	(2,532)	-2.5%	116,499	(18,730)	-16.1%
State DUI	7,800	3,900	3,600	(300)	-7.7%	4,833	(1,233)	-25.5%
Fire Insurance Tax	121,600	121,600	201,291	79,691	65.5%	119,516	81,775	68.4%
Liquor Excise	645,300	329,103	260,959	(68,144)	-20.7%	309,733	(48,774)	-15.7%
Liquor Profit	667,100	333,550	336,354	2,804	0.8%	335,253	1,101	0.3%
Total State Shared:	3,723,800	1,914,903	1,898,125	(16,778)	-0.9%	1,962,910	(64,785)	-3.3%
YTD Total	\$ 8,095,610	\$ 3,279,318	\$ 2,628,262	\$ (651,056)	-19.9%	\$ 3,611,258	\$ (982,996)	-27.2%



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.

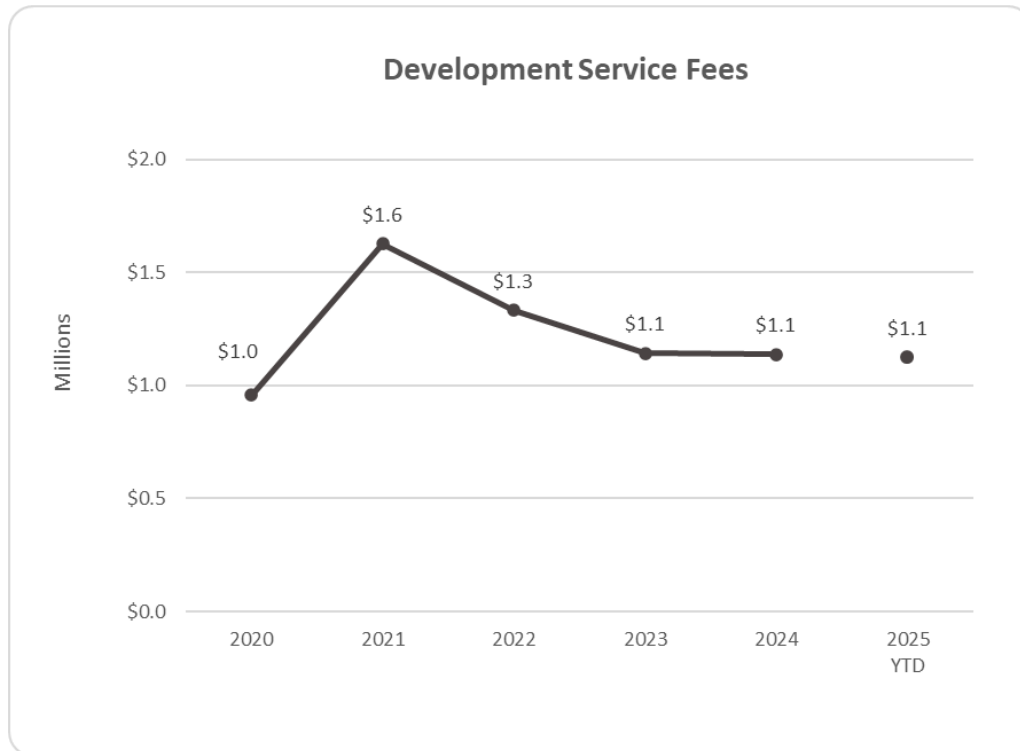
Charges for Services consist of general governmental service charges, public safety charges, development service fees, and culture and recreation fees. Charges for services revenues collected through June 2025 totaled \$6.2 million and were \$337,000, or 6%, more than expected to date. This was mainly due to culture and recreation revenues (specifically, recreation classes) being higher than anticipated.

Charges for Services by Type Through June 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	\$ 2,557,088	\$ 2,549,857	\$ (7,231)	-0.3%	\$ 2,270,820	\$ 279,037	12.3%
Public Safety	1,215,556	607,778	589,818	(17,960)	-3.0%	630,328	(40,509)	-6.4%
Development Services	2,175,100	1,100,700	1,122,634	21,934	2.0%	623,247	499,387	80.1%
Culture & Recreation	2,981,200	1,634,879	1,974,843	339,964	20.8%	1,884,830	90,014	4.8%
Total	\$ 11,486,032	\$ 5,900,445	\$ 6,237,153	\$ 336,709	5.7%	\$ 5,409,225	\$ 827,929	15.3%

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, and quarterly administrative expenses related to South King Housing and Homelessness Partners (SKHHP). The unfavorable variance of \$7,000 to budget is due to the timing of collections from SKHHP payments. Conversely, passport services revenue is generally higher than expected due to the May 7th, 2025 implementation of the Real ID program, 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 second quarter of 2025 totaled \$590,000 and saw a \$41,000 decrease from 2024 second quarter totals. This is largely attributable to lower-than-expected DUI emergency response fees. Comparing 2024 vs 2025, DUI fees have decreased by \$29,000 and roughly hold the same unfavorable variance to budget expectations as well. Overall, public safety collections hold an unfavorable variance to year-to-date budget expectations of -\$18,000.

Development services fee collections consist primarily of plan check fees, facility extension charges, and zoning and subdivision fees. Through Q2-2025, development service fee revenue totaled \$1.1 million, which is \$22,000 above budget expectations and \$499,000 higher than prior year-to-date totals. Within this category, favorable variances to year-to-date budget existed in plan check fees (+\$367,000), FAC charges (+\$77,000), and zoning and subdivision fees (+\$58,000). 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 an unfavorable variance in other planning and development fees (-\$476,000), which is due to one large project added in the first budget amendment of the year; it is expected to collect the full amount of the project by the end of the year. With the ongoing projects progressing throughout the city, it is anticipated that development service revenues with 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 \$340,000, or 21%.

Nearly 47% of the year-to-date Culture and Recreation revenues have come from the Auburn Golf Course. Green fee revenues have increased by \$89,000 or 11% from the same period last year and are favorable to budget by \$29,000 year-to-date. The City projects that green fee collections will increase through the remainder of the year, as the golf course typically collects about 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. However, the actual number of rounds played at the golf course decreased by 369 or 1% from the same period last year.

Recreation classes represent 26% of year-to-date culture and recreation collections throughout the second quarter and have generally remained consistent from prior year-to-date totals with \$515,000 in collections. Ticket sales for performances held at local school venues (previously held at the Auburn Avenue Theater) have decreased by \$11,000 or 20% from prior year totals and also carry an unfavorable variance to budget by \$9,000. 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.

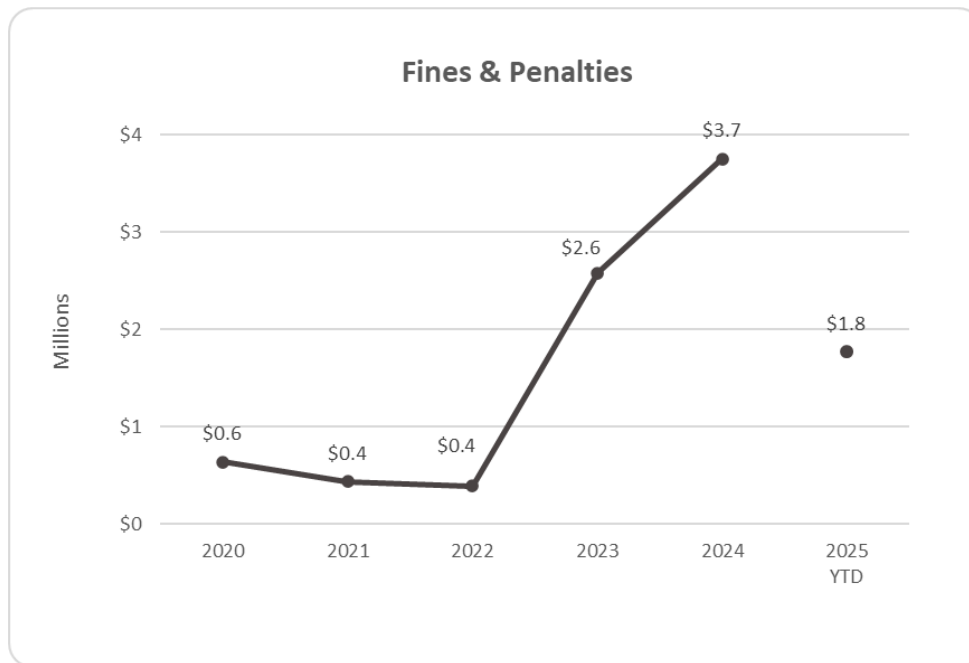


Fines & Penalties include civil penalties (such as code compliance fines), parking and traffic infraction penalties, criminal fines (including criminal traffic, criminal non-traffic, and other criminal offenses) as well as non-court fines such as false alarm fines. The table below shows a detailed breakdown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

Fines & Penalties by Type Through June 2025								
Revenue	2025			Favorable (Unfavorable)		2024	2025 YTD Actual vs. 2024 Actual	
	Annual Budget	YTD Budget	YTD Actual	Amount	Percentage	YTD Actual	Amount	Percentage
Civil Penalties	\$ 1,000	\$ 328	\$ 567	\$ 239	72.9%	\$ 984	\$ (417)	-42.4%
Civil Infraction Penalties	148,400	74,000	115,319	41,319	55.8%	86,912	28,408	32.7%
Photo Enforcement	1,100	600	-	(600)	-100.0%	157	(157)	-100.0%
Parking Infractions	2,233,506	1,050,300	1,137,978	87,678	8.3%	1,705,544	(567,565)	-33.3%
Criminal Traffic Misdemeanor	31,200	15,000	32,307	17,307	115.4%	16,909	15,398	91.1%
Criminal Non-Traffic Fines	48,200	24,000	25,051	1,051	4.4%	34,415	(9,365)	-27.2%
Criminal Costs	12,200	7,800	3,760	(4,040)	-51.8%	5,235	(1,475)	-28.2%
Non-Court Fines & Penalties	47,100	8,900	450,851	441,951	4965.7%	293,819	157,032	53.4%
Total	\$ 2,522,706	\$ 1,180,928	\$ 1,765,834	\$ 584,905	49.5%	\$ 2,143,975	\$ (378,141)	-17.6%

Total revenues collected through June 2025 were \$1.8 million as compared to a budget of \$1.2 million and were 50% 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 second quarter of the year due to the assessed fines and penalties regarding the 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 \$144,000, 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.

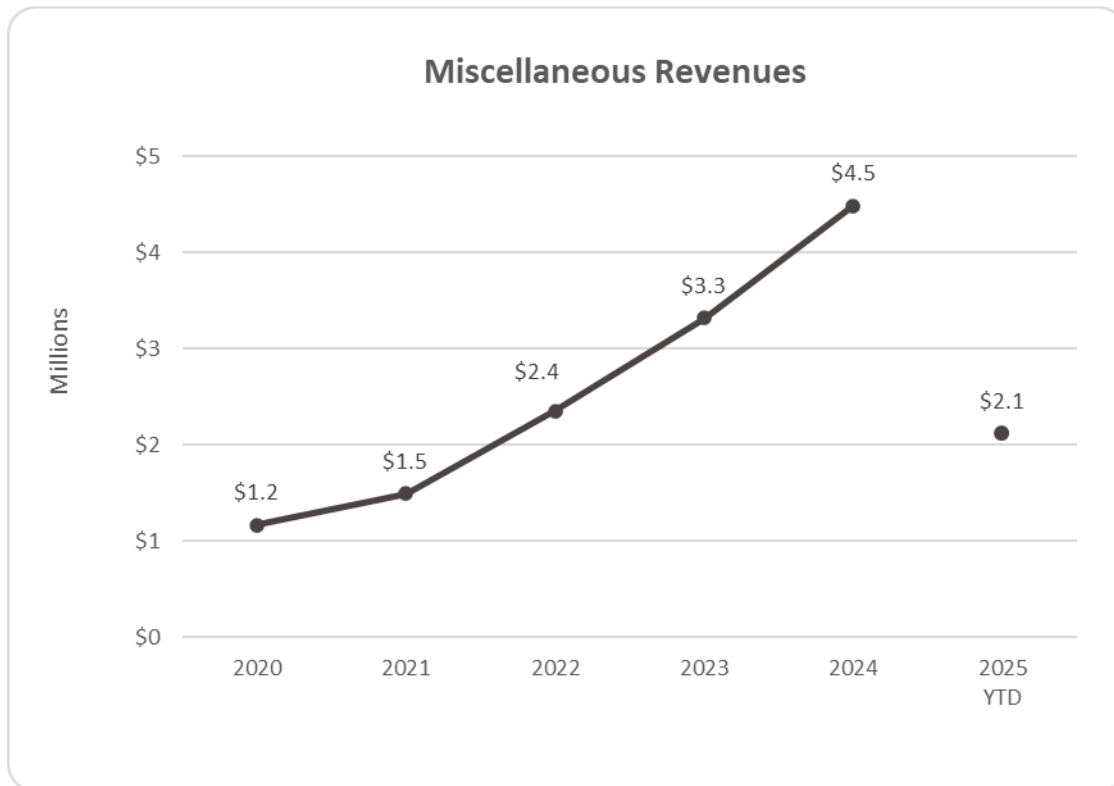
Miscellaneous Revenues by Type Through March 2025								
Revenue	2025			Favorable (Unfavorable)		2024 YTD Actual	2025 YTD Actual vs. 2024 Actual	
	Annual Budget	YTD Budget	YTD Actual	Amount	Percentage		Amount	Percentage
Interest & Investments	\$ 782,500	\$ 304,886	\$ 1,235,349	\$ 930,464	305.2%	\$ 945,672	\$ 289,677	30.6%
Rents & Leases	1,155,180	618,100	695,625	77,525	12.5%	786,591	(90,966)	-11.6%
Contributions & Donations	33,623	10,117	13,996	3,879	38.3%	11,919	2,077	17.4%
Other Miscellaneous Revenue	223,180	135,064	176,398	41,334	30.6%	529,509	(353,111)	-66.7%
Total	\$ 2,194,483	\$ 1,068,167	\$ 2,121,368	\$ 1,053,201	98.6%	\$ 2,273,691	\$ (152,323)	-6.7%

Revenues collected year-to-date 2025 in this category totaled \$2.1 million and were \$1.1 million or 99% favorable to budget. Of the favorable variance to budget, 88% 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 half of the year.

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 \$78,000 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 \$44,000, 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 \$152,000 below 2024 collections throughout the same period, as the City has seen decreased numbers of events that request the use of City facilities.

The “Other Miscellaneous Revenue” sub-category reported \$353,000 less than the same timeframe last year but was favorable to the year-to-date budget by \$41,000. This category normally includes revenue related to a national opioid settlement distribution program; the City did receive settlement payments during the second quarter of the year totaling \$21,000, contributing to the favorable variance against the budget. However, this amount is far lower than the previous year’s collections of opioid distributions, which is the main cause for the unfavorable year-over-year variance. These payments are expected to experience volatility over the upcoming years, as some companies involved in the settlements elect to pay off their obligations early, while other companies are still navigating the settlement process and may begin payments in the future.

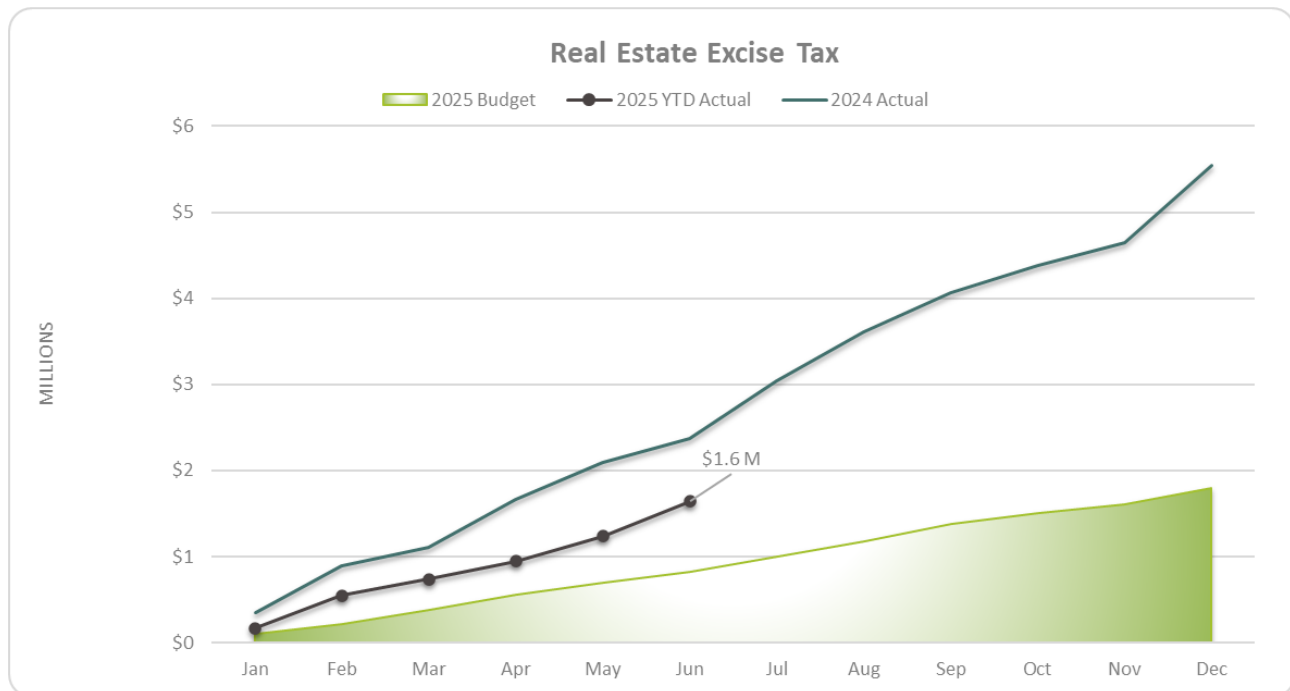


OTHER FUNDS

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.

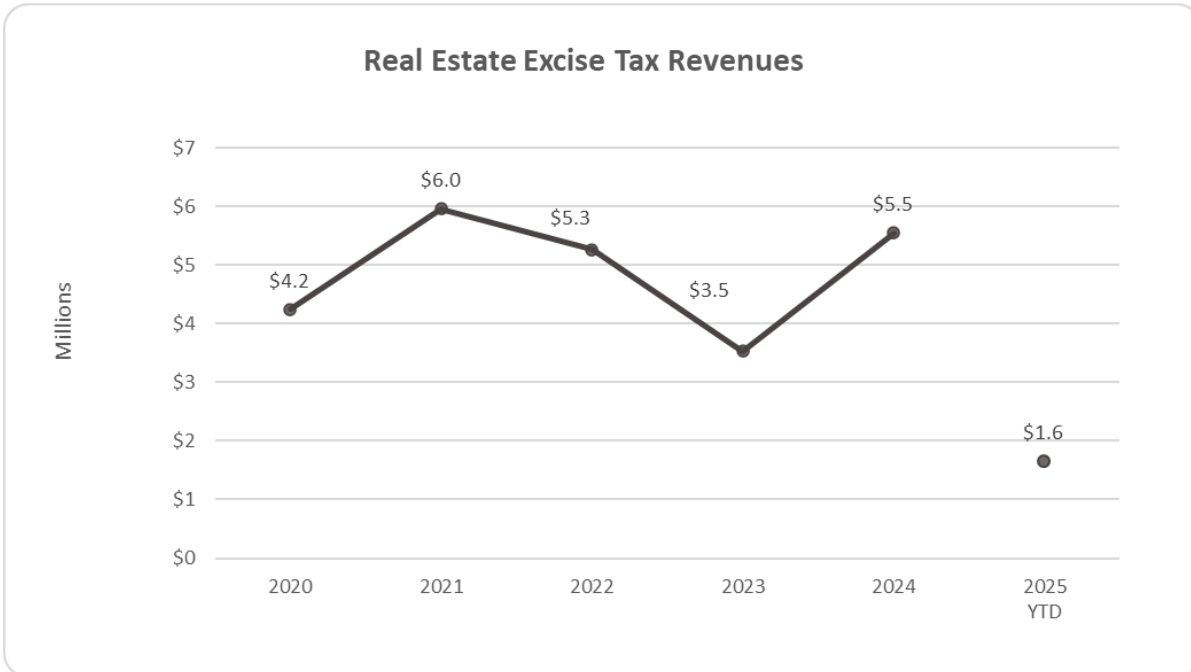
REET revenues collected year-to-date in 2025 total \$1.6 million, which is \$814,000 or 50% favorable to budget expectations. According to King County's assessed valuations of property taxes, the County has increased in property value by 2%. Combined with lower interest rates currently, the current climate for real estate sales seem favorable within the State of Washington.

Despite this, 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 second quarter total since 2023. 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 June 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	\$ 1,800,000	\$ 827,134	\$ 1,641,572	\$ 814,438	49.6%	\$ 2,369,365	\$ (727,793)	-30.7%
Total	\$ 1,800,000	\$ 827,134	\$ 1,641,572	\$ 814,438	49.6%	\$ 2,369,365	\$ (727,793)	-30.7%

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 this year. However, the current market data indicates a potential rate cut in September. 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 \$961,000 or 46% 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 \$14.8 million in funding. Council approved the City's acceptance of ARPA funds in Resolution #5608. The City has since used all \$14.8 million of the ARPA funds to mitigate the cost of providing public safety services.

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 June 30, 2025, the City has been able to spend \$1.6 million year-to-date and \$8.4 million since 2021 on the following projects:

Title	Budget	2025	
		Q2 Spend	Lifetime Spend (includes this quarter) Remaining
Completed Projects	3,050,102	-	3,141,384 -
Neighborhood Street Light Program	1,300,000	563,840	1,300,000 -
Neighborhood Traffic Calming	200,000	37,546	200,000 -
Traffic Signals	135,000	-	-
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	-	53,231 96,769
Emergency Housing Voucher Program	2,000,000	77,768	741,082 1,258,918
DEI Dashboard (Inclusive Auburn)	130,000	-	92,805 37,195
Encampment Cleanup	500,000	-	456,403 43,597
Downtown Sidewalk Replacement on Main Street and B Street Plaza Surface Replacement	1,819,409	198,965	827,967 991,442
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	504,350	16,896	455,168 49,182
Signing Bonuses for Police Lateral Hires	200,000	-	240,881 -
Other Projects (not started)	1,973,037	-	- 1,973,037
Total:	14,751,231	895,016	8,387,114 6,364,118

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. Construction has begun and is anticipated to be completed by the end of 2025. Total spend of this project so far is \$827,967 with \$198,965 spent in the second quarter.

The project *Neighborhood Traffic Calming* (cp2305) constructed traffic circles on B St SE at 13th St SE and 15th, as well as installed speed cushions on F St SE, G St SE and H St SE between 12th St SE and 21st St SE, and K St SE between 17th St SE and 21st 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 and is now in the final stages of the project. The total spent on this project was \$200,000 with \$37,546 spent in the second 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 \$741,082 with \$77,768 occurring in Q2-2025.

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 95% complete. The project is waiting to lay down paint at a couple of locations. The project is anticipated to be completed in August. Total spending to date is \$1.3 million with \$563,840 being spent in the second 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.

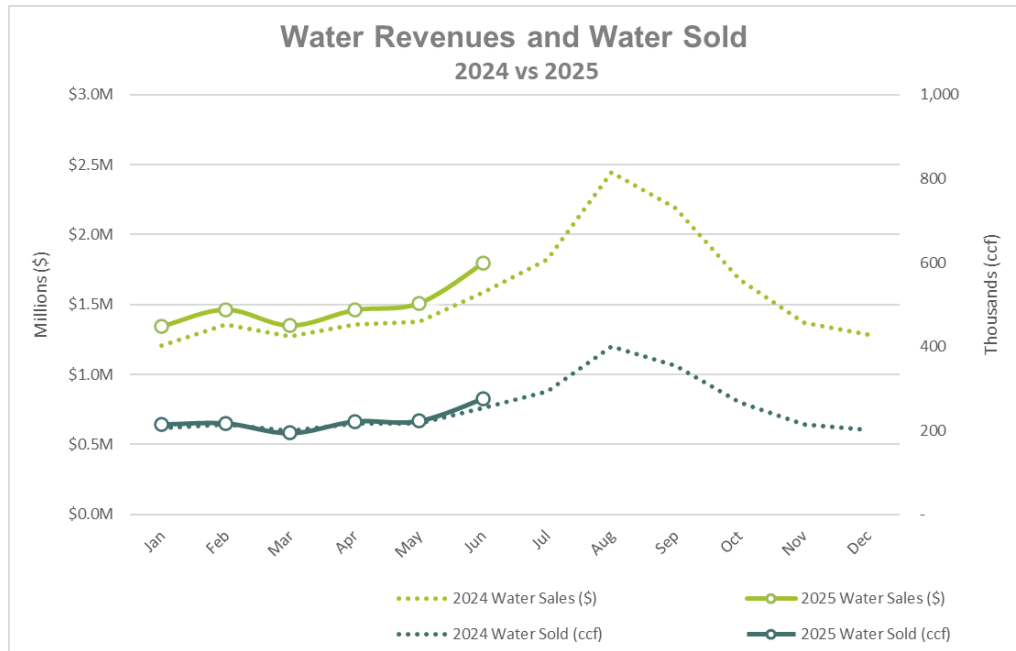
Through June 2025, the **Water Utility Fund** had operating income of \$2.9 million (operating revenues less operating expenditures), an increase of +\$197,000 over the same period last year. Consistent with expectations, revenue increased compared to the first quarter, and is projected to peak in the third quarter before declining in the fourth quarter.

Total operating revenues increased \$795,000 from \$8.8 million through Q2-2024 to \$9.6 million through Q2-2025. This change was largely driven by increases in both rates and water consumption; charges for service revenues were \$9.1 million through Q2-2025 compared to \$8.3 million through Q2-2024, an increase of 9.7%. Other revenues were consistent with last year.

Operating expenses also increased from \$6.1 million to \$6.7 million (+\$598,000). The primary driver of the increased operating expenses from the prior year was interfund charges (+\$561,000), which includes insurance as mentioned above.

Compared to projections, the fund's operating income is \$1.5 million favorable to the year-to-date budget. Operating revenues were \$1.0 million higher than anticipated through Q2-2025, with interest earnings outperforming budget expectations by \$474,000 along with higher charges for services (+\$514,000). Operating expenditures had a \$472,000 favorable variance to budget, driven by lower-than-expected professional services costs (-\$151,000), as well as lower interfund utility and excise taxes (-\$117,000) and external utility expenditures (-\$135,000).

Billable water consumption through Q2-2025 totaled 1.3 million ccf (hundred cubic feet), which is +38,000 ccf, or 3.0% higher than consumption in Q2-2024. Increases in consumption were seen across nearly all customer classes, with the largest gains seen in manufacturing and irrigation. These increases were partially offset by a decrease in the commercial customer class.



Compared to the same period last year, the **Sewer Utility Fund** saw a slight increase in operating income, finishing Q2-2025 with \$1.2 million in operating income, \$75,000 higher than Q2-2024. Operating revenues were up \$341,000 from the same period last year due to strong performance in charges for City sewer service (+\$352,000, or 6.6%), slightly offset by lower interest and other earnings (-\$11,000). These gains were mitigated by higher increases in operating expenses, which rose \$266,000 from \$3.5 million through Q2-2024 to \$3.8 million through Q2-2025. These increases were due primarily to higher interfund charges (+\$376,000) and personnel costs (+\$34,000).

Through Q2-2025, this fund performed better than budget expectations with a \$1.5 million favorable variance in operating revenues, both in charges for service (+\$958,000) and interest earnings (+\$571,000). Additionally, operating expenditures had a \$652,000 favorable variance compared to budget expectations, due to savings in personnel costs (+\$186,000) and state tax charges (+\$462,000).

The **Stormwater Utility Fund** had operating income of \$1.8 million through Q2-2025, a slight increase (+\$21,000) from the same period last year. While operating revenues were higher through Q2-2025 compared to Q2-2024 (+\$505,000), operating expenses for this fund were also higher during the same period (+\$484,000). Charges for service revenue increased \$433,000, or 6.9%, from Q2-2024. Primary drivers for the increase in operating expenditures were increased service charges (+\$83,000), and interfund charges (+\$350,000).

This fund also outperformed budget expectations, with a \$800,000 favorable-to-budget variance in operating income, with operating revenues outperforming budget expectations by \$594,000 due to higher than anticipated charges for service (+\$167,000) and interest earnings (+\$425,000). Meanwhile, expenditures were lower than anticipated (-\$206,000), mainly due to the timing of miscellaneous service charges.

The **Solid Waste Utility Fund** finished Q2-2025 with operating income of \$453,000, which is \$923,000 higher than the -\$470,000 operating loss posted in the same period last year. Operating revenues increased \$1.1 million, driven by an increase of \$1.2 million (+8.0%) in charges for service as a direct result of the service rates adopted in Ordinance #6920. Meanwhile, grants, interest earnings and other revenues experienced a decrease (-\$111,000).

Compared to budget expectations, operating revenues were higher than anticipated (+\$477,000) due primarily to charges for service (+\$484,000). Operating expenses were also higher than expected (+\$669,000) due primarily to utility and excise taxes (+\$138,000) and payments to the City's solid waste provider (+\$554,000). In total, the fund had a -\$192,000 unfavorable variance in operating income compared to budget expectations through Q2-2025.

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.