

AGENDA BILL APPROVAL FORM

Agenda Subject:

3rd Quarter 2025 Financial Report through September 2025 (Thomas) (20 Minutes)

Meeting Date:

January 12, 2026

Department:

Finance

Attachments:

Financial Report through Sept
2025, 2025 Q3 Financial Update

Budget Impact:**Administrative Recommendation:**

For discussion only.

Background for Motion:**Background Summary:**

The Financial Report summarizes the general state of Citywide financial affairs and highlights significant items or trends that the City Council should be aware of. The attachment provides year-to-date financial activity through September 30, 2025, based on financial data available as of November 15, 2025.

Councilmember: Hanan Amer

Staff: Jamie Thomas

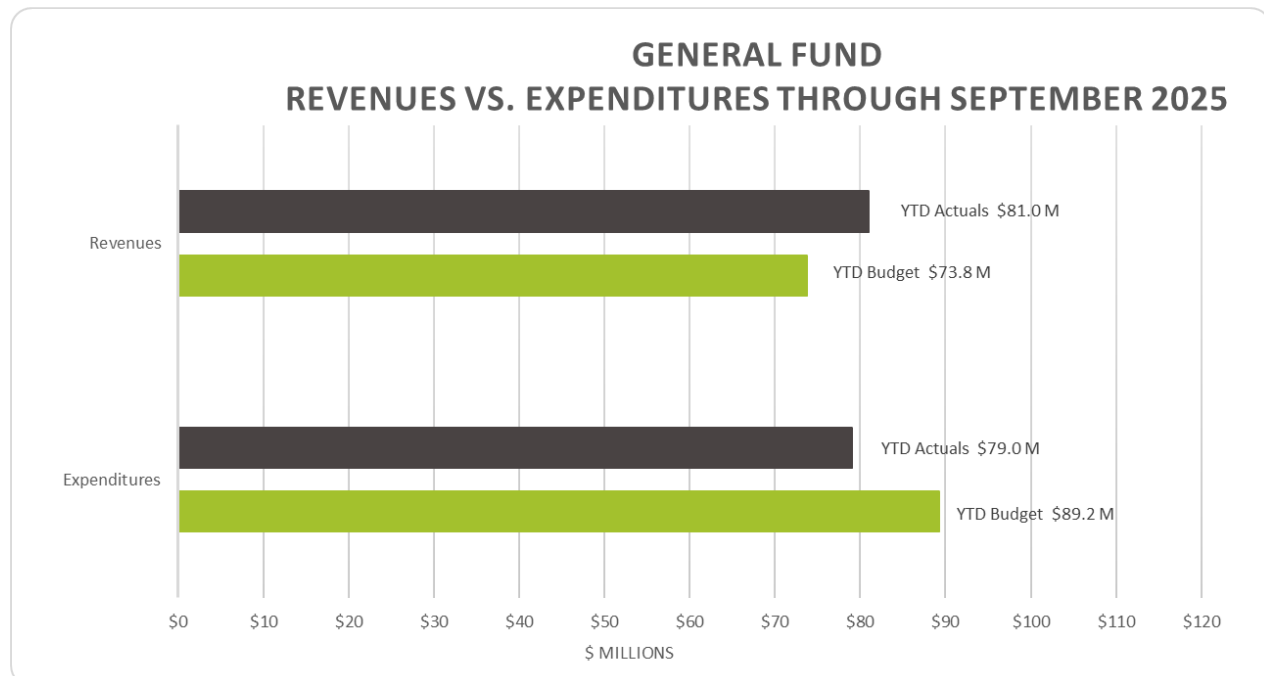
This report provides an overview of the City's overall cash-basis financial position for the fiscal period ending September 30, 2025, reflecting data available as of October 27, 2025. References to budget, actual and prior year amounts reflect year-to-date numbers, unless otherwise stated. Year-to-date 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 #6991 in August, the 2025 annual budget consists of \$106.3 million in revenues and \$120.1 million in expenditures - a planned decrease in General Fund balance of \$13.8 million.

Through the third quarter of 2025, the General Fund outperformed revenue expectations by \$7.2 million or 10%. However, General Fund revenue collections are \$2.0 million or 3% 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 third quarter the City collected \$10.1 million in B&O taxes, which includes backdated collections. Despite a strong performance thus far, 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 \$1.4 million in revenue year-to-date. The City saw expenditures increase from the same period last year by \$5.6 million or 8%. This is due to planned increases in overhead costs, professional services (citywide projects and improvements), and insurance premiums.

Overall, General Fund revenues collected through Q3-2025 totaled \$81.0 million as compared to the year-to-date budget of \$73.8 million, and were \$7.2 million, or **10% above** budget expectations. General Fund expenditures totaled \$79.0 million compared to the year-to-date budget of \$89.2 million, resulting in a \$10.2 million or **11% underspend**.



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

- Business and Occupation Tax: Revenues collected throughout Q3-2025 totaled \$10.1 million, exceeding the year-to-date budget by \$2.2 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 Q3-2025, interest and investment earnings have totaled \$2.0 million in collections and hold a \$1.4 million 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]**
- Fines and Penalties: Throughout Q3-2025, fines and penalties revenues have totaled \$2.5 million and hold a favorable variance against budget projections by \$816,000 or 50%. This is mainly due to the fines and penalties assessed on backdated B&O taxes, from which the City has collected \$734,000 year-to-date. This program alone accounts for 58% of revenues collected in this category. However, photo enforcement collections compared to prior year totals are down \$647,000 or 31%. This was anticipated by the City as the program goal of increasing safety takes effect. **[pages 18-19]**
- Electric Utility Tax: Revenues collected throughout Q3-2025 have totaled \$3.8 million, compared to a year-to-date budget of \$3.0 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 and increased rates throughout the City. **[pages 9-10]**
- Intergovernmental: Q3-2025 revenues collected totaled \$4.7 million and were \$662,000 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 third quarter of 2025, with some variances due to the timing of professional services payments. Overall, the favorable variance to the year-to-date expense budget is \$10.2 million. Contributing to the favorable variance was a savings in salaries and benefits expenses of roughly \$3.4 million; as of the compilation of this report, there were 30 vacant regular full-time positions in the City. Additionally, services and charges were below budget expectations throughout the third quarter by roughly \$4.4 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 by 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 Q3-2025, interest earnings for the City's enterprise funds were \$2.5 million, an increase of \$33,000 from Q3-2024.

The **Water Utility Fund** ended Q3-2025 with operating income of \$6.7 million, an increase of \$681,000 compared to the same period last year. This variance is due primarily to increased revenues from charges for services (+\$1.8 million), while expenditures also increased by \$1.1 million due to interfund operating expenses, other service charges, and personnel costs. Overall, the fund's operating income has a \$2.4 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 Q3-2025 with operating income \$119,000 higher than Q3-2024, coming in at \$4.1 million. While operating revenues increased \$661,000 compared to the same period last year, operating expenditures also increased (+\$542,000). The increase in operating expenditures was driven primarily by increased interfund charges (+\$449,000). In total, operating income for this fund was \$3.4 million higher compared to our budget projections, due to favorable variances in both operating revenues (+\$2.5 million) and operating expenses (-\$836,000). [page 25]

The **Stormwater Utility Fund** ended Q3-2025 with operating income of \$2.5 million, which is relatively flat growth compared to the same period last year (-\$2,000). Operating revenues increased \$786,000 compared to the prior year, mainly due to an increase in charges for storm service (+\$663,000) and interest and investment earnings (+\$126,000). Operating expenditures for this fund also increased compared to the prior year (+\$788,000), due mainly to increased service charges (+\$268,000) and interfund charges (+\$464,000). This fund outperformed operating income budget projections by \$1.0 million through Q3-2025, due to favorable budget variances in both operating revenues (+\$840,000) and expenditures (-\$163,000). [page 25]

The **Solid Waste Utility Fund** ended Q3-2025 with operating income of \$2.2 million, a \$1.8 million increase compared to the prior year. This variance is due primarily to a timing difference between revenues collected for solid waste service and payments made to the City's solid waste provider. Charges for service revenues saw a \$1.7 million increase from the prior year due to higher service rates adopted for 2025, while total expenditures were lower than the prior year (-\$267,000). In all, operating income for this fund came in \$571,000 higher than expected, driven by a favorable budget variance in revenues (+\$418,000) and lower than expected expenditures (-\$153,000). 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 26]

Internal Service Funds Overview

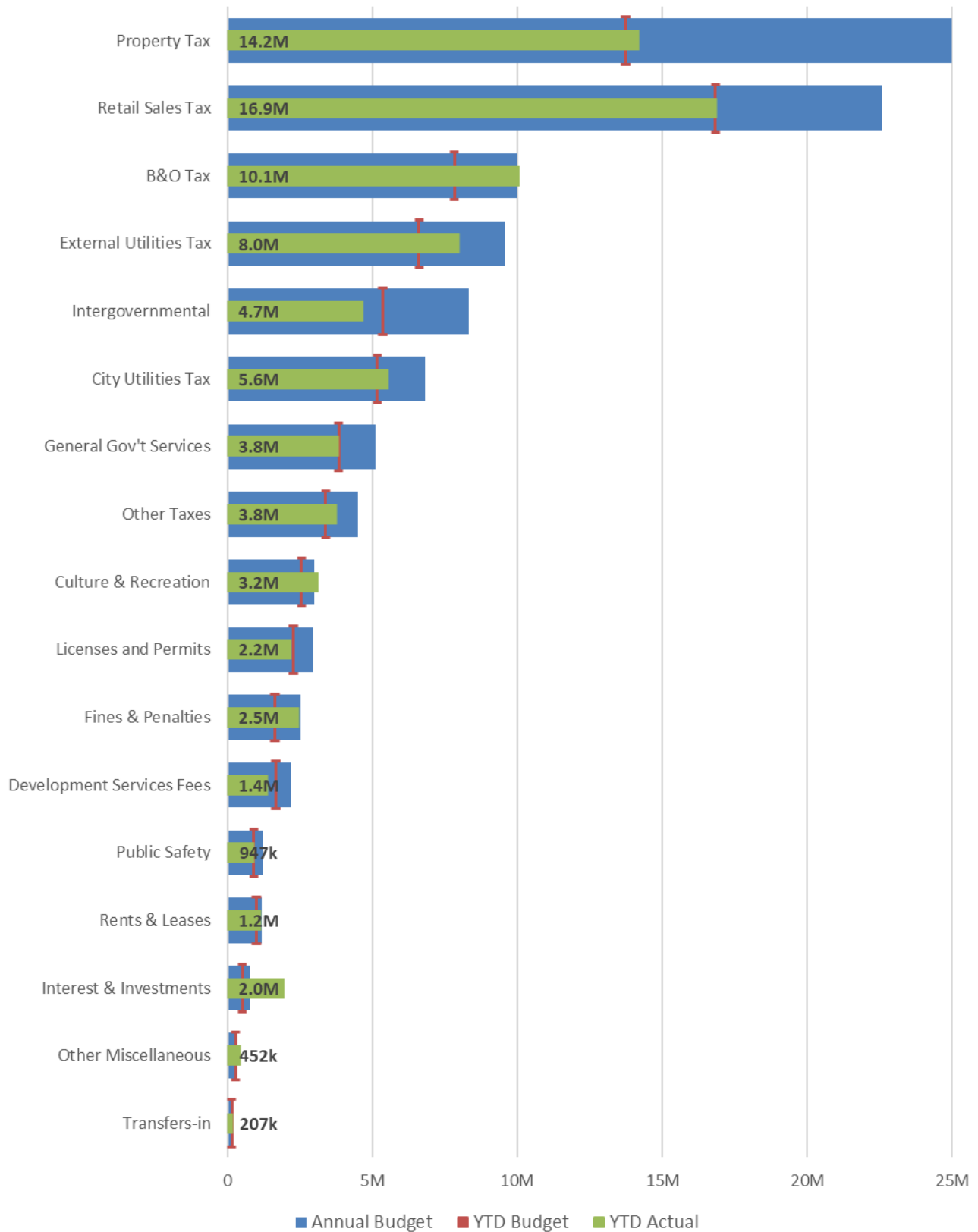
Internal service funds provide services to other City departments and include functions such as Insurance, Worker's Compensation, Facilities, Innovation & Technology, and Equipment Rental. No significant variances were reported in these funds during Q3-2025. [page 26]

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	2025 YTD Actual vs. 2024 Actual	
	Annual Budget	YTD Budget	YTD Actual	Favorable (Unfavorable) Amount	Percentage	YTD Actual	Favorable (Unfavorable) Amount	Percentage
Operating Revenues								
Property Tax	\$ 25,002,800	\$ 13,736,200	\$ 14,194,727	\$ 458,526	3.3 %	\$ 13,569,223	\$ 625,503	4.6 %
Retail Sales Tax	22,579,330	16,834,100	16,895,384	61,284	0.4 %	17,118,816	(223,431)	(1.3) %
Affordable Housing Sales Tax Credit	148,000	98,600	98,938	338	0.3 %	99,332	(394)	(0.4) %
Sales Tax - Pierce County Parks	131,100	97,500	102,818	5,318	5.5 %	100,615	2,203	2.2 %
Criminal Justice Sales Tax	3,067,500	2,283,900	2,316,067	32,167	1.4 %	2,271,546	44,521	2.0 %
Brokered Natural Gas Tax	314,000	262,200	192,390	(69,810)	(26.6) %	200,182	(7,792)	(3.9) %
City Utilities Tax	6,828,200	5,166,500	5,562,819	396,319	7.7 %	5,104,647	458,172	9.0 %
Business & Occupation Tax	9,991,700	7,831,449	10,078,038	2,246,589	28.7 %	8,902,069	1,175,969	13.2 %
Admissions Tax	252,500	188,700	377,287	188,587	99.9 %	542,809	(165,521)	(30.5) %
Electric Tax	4,695,800	3,008,300	3,785,377	777,077	25.8 %	3,569,944	215,433	6.0 %
Natural Gas Tax	1,417,400	1,102,200	1,325,698	223,498	20.3 %	1,124,464	201,234	17.9 %
Cable Franchise Fee	888,000	666,000	528,346	(137,654)	(20.7) %	575,593	(47,247)	(8.2) %
Cable Utility Tax	917,400	688,050	643,413	(44,637)	(6.5) %	610,963	32,450	5.3 %
Cable Franchise Fee - Capital	51,200	38,400	26,042	(12,358)	(32.2) %	29,819	(3,777)	(12.7) %
Telephone Tax	606,240	447,638	537,109	89,470	20.0 %	538,112	(1,003)	(0.2) %
Solid Waste Tax (external)	987,500	664,111	1,166,485	502,374	75.6 %	892,508	273,978	30.7 %
Leasehold Excise Tax	286,000	264,314	287,345	23,031	8.7 %	277,328	10,016	3.6 %
Gambling Excise Tax	287,500	200,081	396,731	196,650	98.3 %	126,426	270,305	213.8 %
Taxes sub-total	\$ 78,452,170	\$ 53,578,244	\$ 58,515,014	\$ 4,936,770	9.2 %	\$ 55,654,396	\$ 2,860,619	5.1 %
Business License Fees	\$ 585,100	\$ 402,900	\$ 541,969	\$ 139,069	34.5 %	\$ 429,014	\$ 112,954	26.3 %
Building Permits	950,200	708,500	825,996	117,496	16.6 %	655,765	170,231	26.0 %
Other Licenses & Permits	1,414,300	1,159,000	823,309	(335,691)	(29.0) %	1,047,320	(224,011)	(21.4) %
Intergovernmental (Grants, etc.)	8,326,643	5,352,847	4,690,837	(662,009)	(12.4) %	5,914,344	(1,223,507)	(20.7) %
Charges for Services:								
General Government Services	5,114,176	3,835,632	3,840,128	4,496	0.1 %	3,378,097	462,032	13.7 %
Public Safety	1,215,556	911,667	946,568	34,901	3.8 %	1,072,059	(125,491)	(11.7) %
Development Services Fees	2,175,100	1,673,900	1,410,518	(263,382)	(15.7) %	921,591	488,927	53.1 %
Culture and Recreation	3,001,200	2,554,756	3,151,122	596,366	23.3 %	2,933,340	217,783	7.4 %
Fines and Penalties	2,522,706	1,642,291	2,458,250	815,959	49.7 %	2,765,694	(307,444)	(11.1) %
Fees/Charges/Fines sub-total	\$ 25,304,981	\$ 18,241,493	\$ 18,688,699	\$ 447,206	2.5 %	\$ 19,117,225	\$ (428,527)	(2.2) %
Interest and Investment Earnings	\$ 782,500	\$ 520,674	\$ 1,959,343	\$ 1,438,669	276.3 %	\$ 1,648,748	\$ 310,595	18.8 %
Rents and Leases	1,168,180	999,200	1,157,622	158,422	15.9 %	1,214,999	(57,377)	(4.7) %
Contributions and Donations	33,623	27,873	27,032	(841)	(3.0) %	18,889	8,143	43.1 %
Other Miscellaneous	266,660	218,750	347,066	128,316	58.7 %	701,042	(353,976)	(50.5) %
Transfers In	206,558	154,919	206,558	51,640	33.3 %	4,619,961	(4,413,403)	(95.5) %
Insurance Recoveries - Capital & Operating	45,000	33,750	77,588	43,838	129.9 %	42,688	34,899	81.8 %
Other Revenues sub-total	\$ 2,502,521	\$ 1,955,166	\$ 3,775,209	\$ 1,820,043	93.1 %	\$ 8,246,326	\$ (4,471,117)	(54.2) %
Total Operating Revenues	\$ 106,259,672	\$ 73,774,903	\$ 80,978,922	\$ 7,204,019	9.8 %	\$ 83,017,947	\$ (2,039,025)	(2.5) %
Operating Expenditures								
Council & Mayor	\$ 1,964,474	\$ 1,547,589	\$ 1,181,941	\$ 365,648	23.6 %	\$ 1,102,523	\$ 79,418	7.2 %
Administration	1,055,607	793,762	681,347	112,416	14.2 %	979,165	(297,818)	(30.4) %
Human Resources	2,750,455	2,070,856	2,023,648	47,208	2.3 %	1,933,821	89,827	4.6 %
Municipal Court & Probation	3,754,752	3,336,514	3,560,658	(224,144)	(6.7) %	2,959,756	600,902	20.3 %
Finance	6,128,609	4,592,886	4,405,972	186,915	4.1 %	3,646,091	759,881	20.8 %
City Attorney	4,804,178	3,734,379	3,507,449	226,930	6.1 %	3,895,883	(388,434)	(10.0) %
Court	85,906	64,430	-	64,430	100.0 %	-	-	N/A %
Community Development	8,920,635	6,422,772	5,101,251	1,321,520	20.6 %	4,921,097	180,154	3.7 %
Human Services	5,176,012	3,884,120	1,854,850	2,029,270	52.2 %	1,869,406	(14,556)	(0.8) %
Office of Equity	1,051,203	794,449	411,055	383,394	48.3 %	668,302	(257,247)	(38.5) %
Jail - SCORE	5,900,000	4,425,300	3,945,359	479,941	10.8 %	3,243,984	701,375	21.6 %
Police	40,475,805	30,480,518	28,508,342	1,972,177	6.5 %	25,896,698	2,611,643	10.1 %
Public Works	4,846,501	3,731,183	3,499,218	231,965	6.2 %	3,900,217	(400,999)	(10.3) %
Parks, Arts & Recreation	17,519,424	13,276,645	12,651,534	625,110	4.7 %	12,465,695	185,839	1.5 %
Streets	5,811,498	4,181,422	4,160,904	20,518	0.5 %	3,370,654	790,250	23.4 %
Non-Departmental	9,843,185	5,877,111	3,513,152	2,363,959	40.2 %	2,580,051	933,100	36.2 %
Total Operating Expenditures	\$ 120,088,244	\$ 89,213,935	\$ 79,006,679	\$ 10,207,256	11.4 %	\$ 73,433,344	\$ 5,573,335	7.6 %

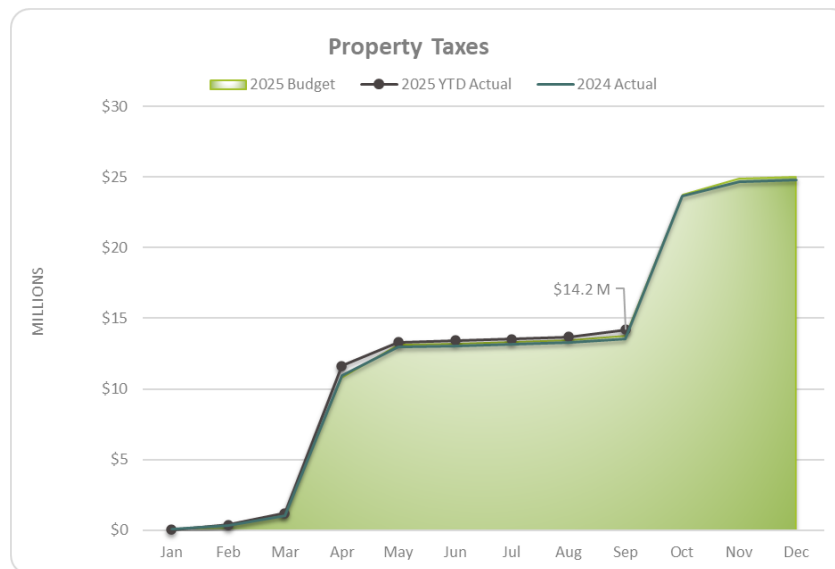
General Fund Revenues Budget Vs Actual



Revenue

Tax revenues, including property, sales/use, utility, business & occupation, gambling, and admissions taxes provide over 72% of all resources supporting general governmental activities. Licenses, charges for services, intergovernmental revenue (grants, state shared revenue, etc.) and fines contribute a further 23% of total revenue to the General Fund. The remaining 5% is comprised of a combination of different sources which are considered to be one-time resources. The following section provides additional information on the most significant tax resource streams.

Property Tax collections through the third quarter totaled roughly \$14.2 million, approximately \$459,000 or 3% 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.

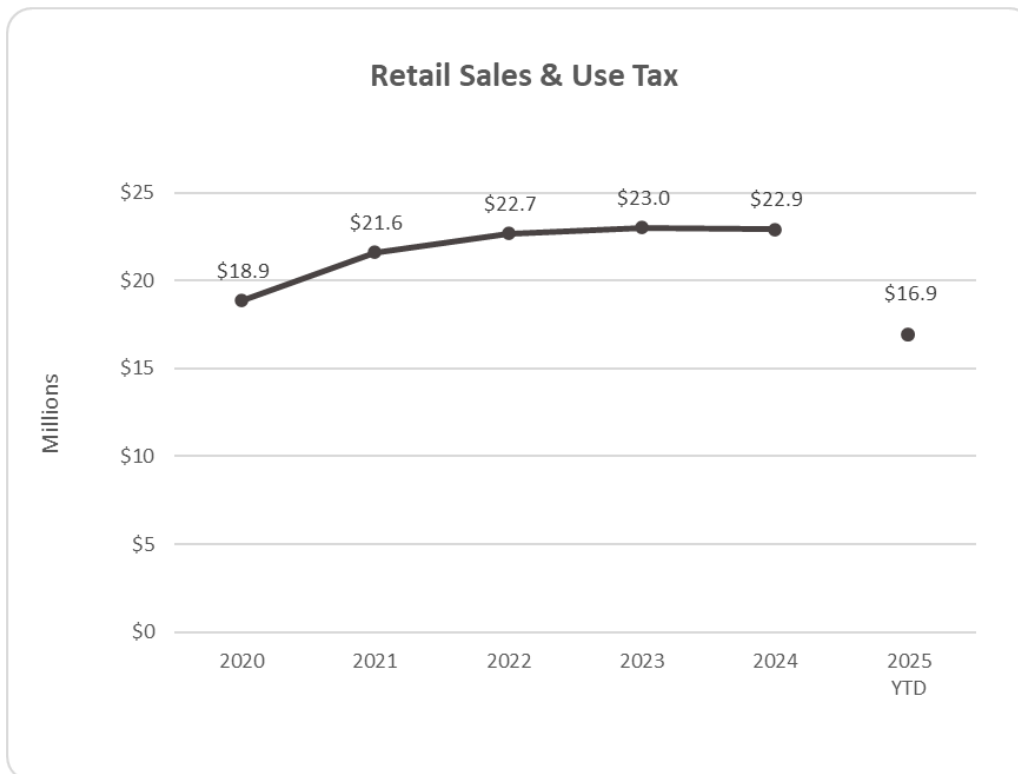


Retail Sales Tax collections throughout Q3-2025 totaled \$16.9 million, representing taxes remitted to the City of Auburn based on sales from November 2024 through July 2025. Overall, these revenues decreased by \$223,000, or -1%, from Q3-2024 collections. Industries were split in overall collections, including automotive (+\$106,631), manufacturing (+\$21,371), miscellaneous (+\$27,004), and transportation and warehousing (+\$13,518). Bringing the year-over-year change to a decrease were the construction (-\$203,160), retail trade (-\$109,321), and services (-\$79,226) categories. The year-over-year change in the wholesale trade category was negligible (-\$247). In comparison to the year-to-date budget, these revenues are also favorable by nearly \$61,000 or 0.4% through the third quarter. Historically, the City collects more sales tax revenues during the second half of the year, mainly due to spending related to the 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 come in at or be slightly lower than 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

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

does, and has experienced a smoothed cumulative growth rate² of 5% between 2019 and 2024. However, the rate of growth is volatile and has a standard deviation of 9.2% between 2006-2024.



² The constant annual growth rate that, when applied to the baseline value, would result in the same cumulative total over the analysis period as the actual sequence of annual results.

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

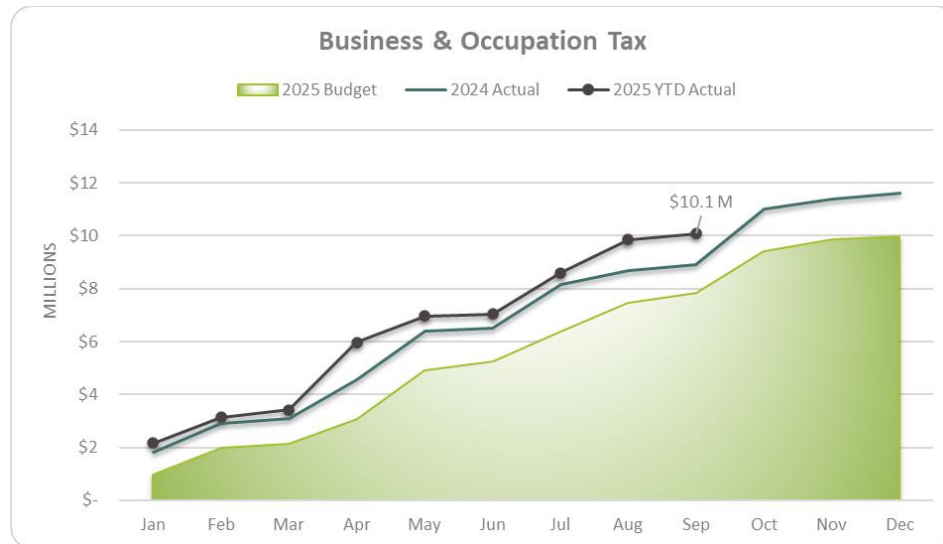
Comparison of Retail Sales Tax Collections by Group Through September 2025				
Component Group	2024	2025	Change from 2024	
	YTD Actual	YTD Actual	Amount	Percentage
Construction	\$ 1,941,716	\$ 1,738,556	\$ (203,160)	(10.5) %
Manufacturing	368,565	389,936	21,371	5.8 %
Transportation & Warehousing	242,222	255,740	13,518	5.6 %
Wholesale Trade	1,217,938	1,217,690	(247)	(0.0) %
Automotive	3,716,556	3,823,187	106,631	2.9 %
Retail Trade	4,896,498	4,787,177	(109,321)	(2.2) %
Services	4,440,978	4,361,752	(79,226)	(1.8) %
Miscellaneous	294,342	321,346	27,004	9.2 %
YTD Total	\$ 17,118,815	\$ 16,895,384	\$ (223,431)	(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 third quarter of the year totaled \$10.1 million versus a year-to-date budget of \$7.8 million. Of the \$10.1 million collected, roughly \$5.7 million or 55% consists of back taxes being paid. Current 2025 collections outpace 2024 collections throughout the same period by \$1.2 million (13%), although recovery of back taxes is anticipated to decrease over time.

Compared to prior year-to-date totals, the City has collected roughly \$1.0 million or 21% more revenue related to gross receipts, while square footage collections are \$150,000 or 4% higher.

Business & Occupation Tax Through September 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	\$ 5,465,954	\$ 5,995,499	\$ 529,544	9.7%	\$ 4,969,316	\$ 1,026,183	20.7%
Square Footage	3,018,000	2,365,495	4,082,540	1,717,045	72.6%	3,932,753	149,786	3.8%
Total	\$ 9,991,700	\$ 7,831,449	\$ 10,078,038	\$ 2,246,589	28.7%	\$ 8,902,069	\$ 1,175,969	13.2%



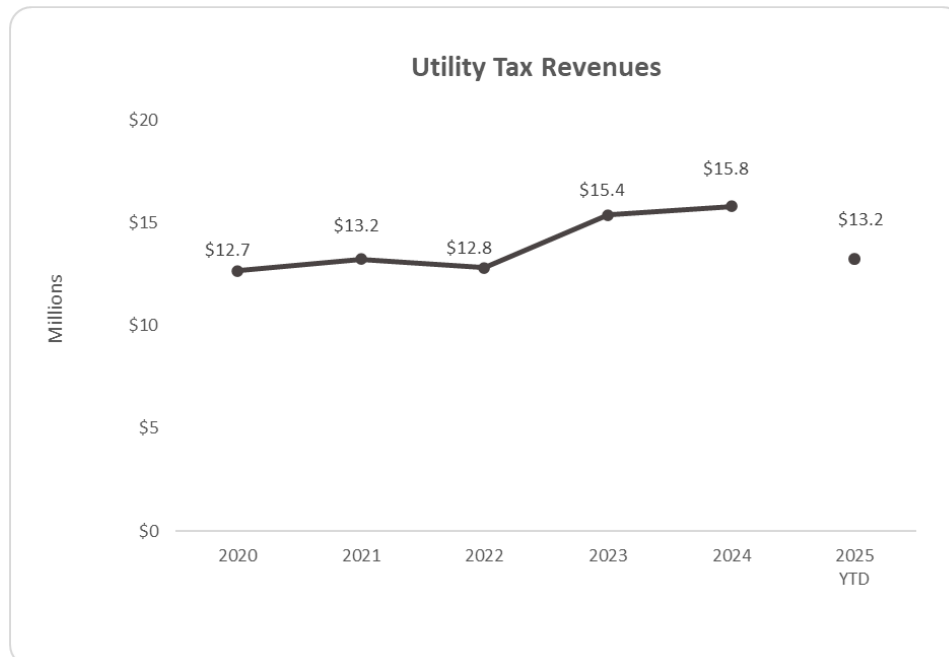
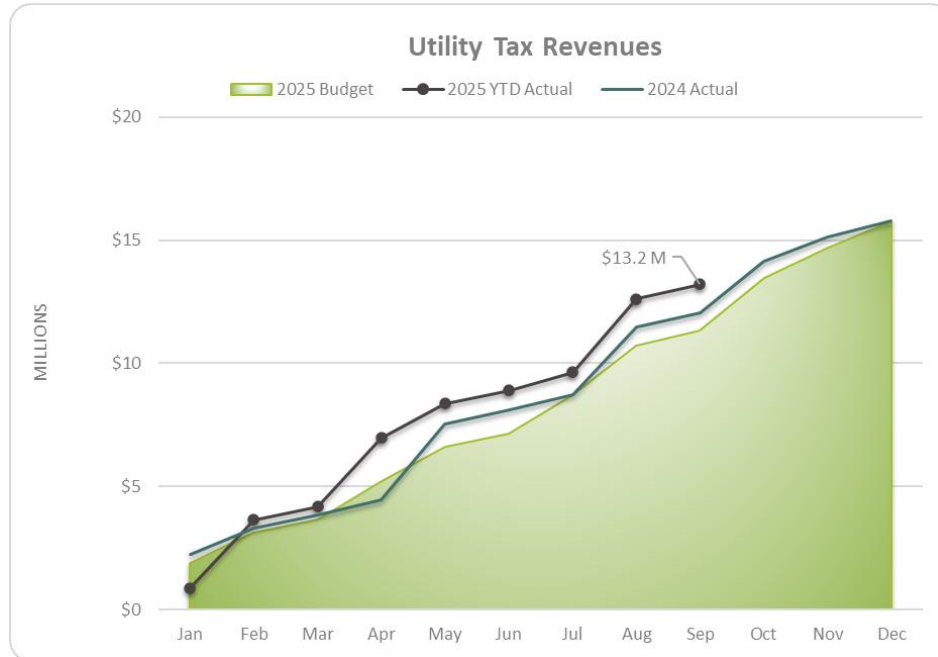
Utility Taxes consist of an 11.5% tax on the gross revenues of water, sewer, storm drainage and solid waste utilities and a 6.0% tax on electric, natural gas, and telephone utilities operating within the City. Of those utilities taxed at 11.5%, the General Fund receives 9.0% while the remaining 2.5% 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 \$1.2 million or 10% from Q3-2024 and are \$1.9 million favorable to budget. Roughly 71% 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 \$9.3 million of the collected \$13.2 million throughout the third 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 usage and higher electric rates effective in 2025. The remaining favorable variances are due to the collection of backdated taxes. The City anticipates the collection of backdated taxes to be continuous, but influxes from newly-discovered businesses will slow. Furthermore, external utility taxes are \$502,000 above budget expectations and \$274,000 above prior year totals. This is largely due to higher revenues from 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. Telephone taxes decreased slightly from Q3-2024 by \$1,000, which was mainly the result of 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.

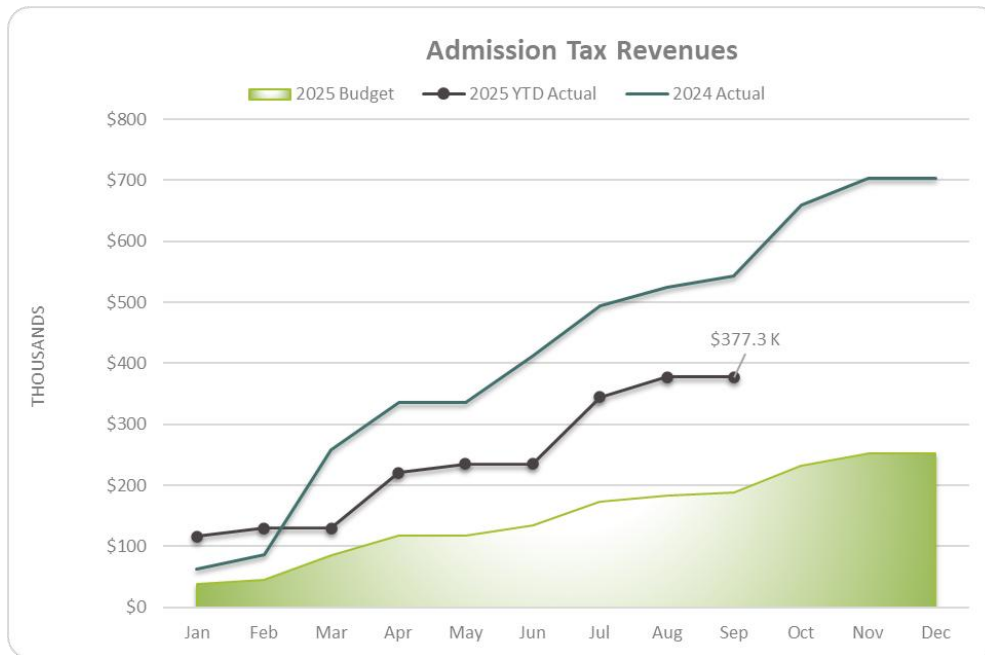
The table and charts below demonstrate the various utility tax revenues and show actual revenues compared to budget. Note that these amounts represent only the General Fund portion of revenues, and do not contain those revenues allocated for funding City streets projects.

Utility Tax by Type (General Fund Portion) Through September 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	\$ 5,166,500	\$ 5,562,819	\$ 396,319	7.7%	\$ 5,104,647	\$ 458,172	9.0%
Electric	4,695,800	3,008,300	3,785,377	777,077	25.8%	3,569,944	215,433	6.0%
Natural Gas	1,417,400	1,102,200	1,325,698	223,498	20.3%	1,124,464	201,234	17.9%
Telephone	606,240	447,638	537,109	89,470	20.0%	538,112	(1,003)	-0.2%
External Utility Taxes	987,500	664,111	1,166,485	502,374	75.6%	892,508	273,978	30.7%
Brokered Natural Gas	314,000	262,200	192,390	(69,810)	-26.6%	200,182	(7,792)	-3.9%
Cable	917,400	688,050	643,413	(44,637)	-6.5%	610,963	32,450	5.3%
Total	\$ 15,766,540	\$ 11,339,000	\$ 13,213,292	\$ 1,874,292	16.5%	\$ 12,040,820	\$ 1,172,472	9.7%



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 \$377,000 collected through September 2025 were significantly lower (-31%) than Q3-2024. 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 \$59,000 from prior year actuals. However, this revenue holds a favorable variance to budget of \$189,000 through the third quarter.



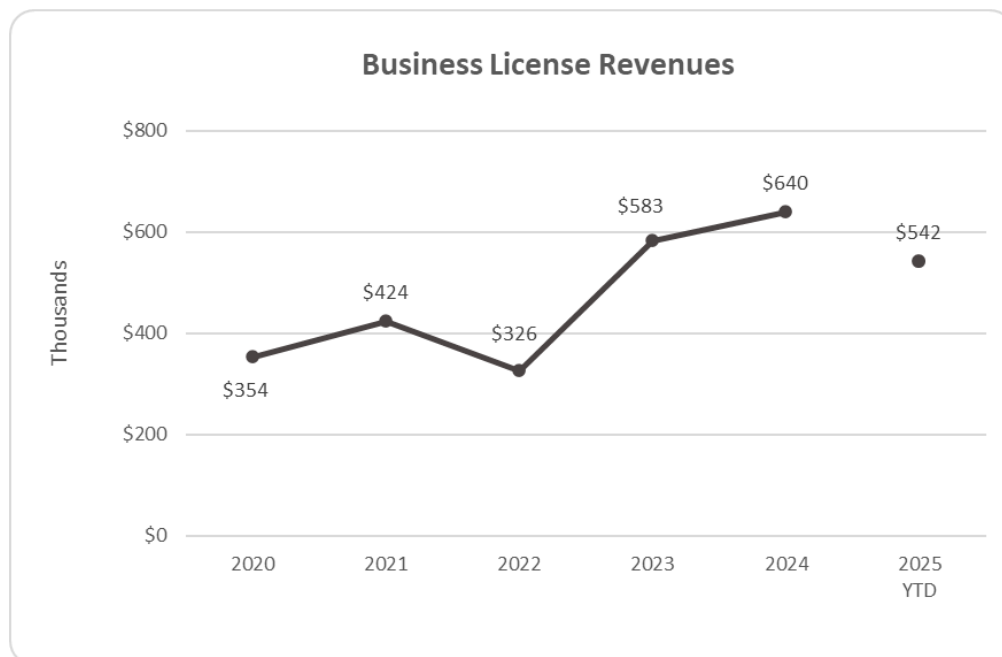
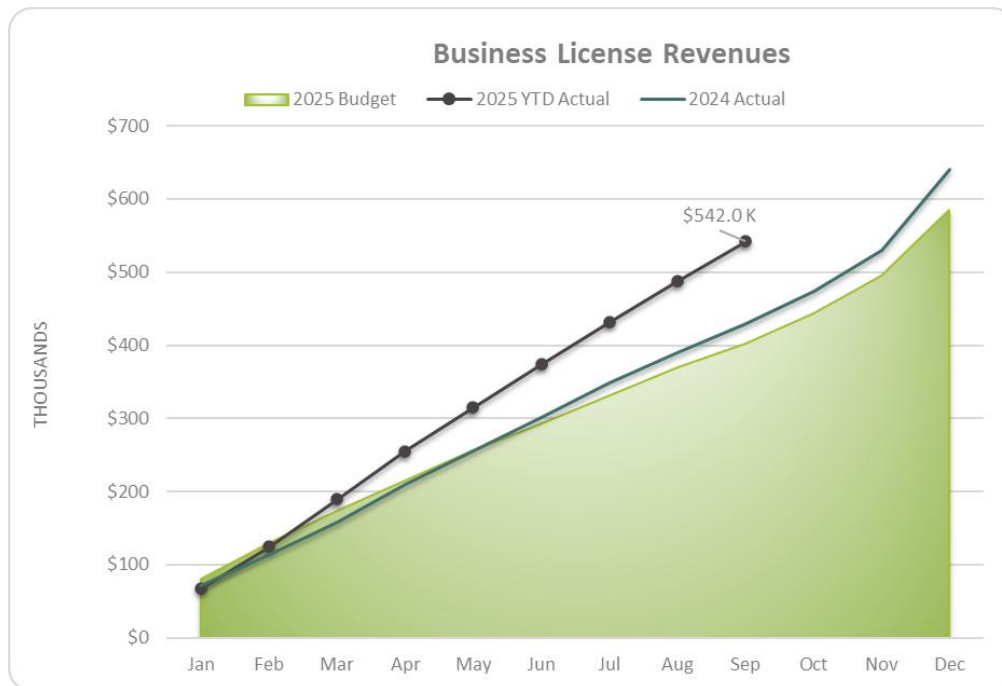
Gambling Tax applies to all card games, punch board games, pull tabs, bingo games, raffles and amusement games played within City limits. The majority of gambling tax revenues are collected from card games (69%) and amusement games (19%). At \$397,000 through the third quarter, collections are \$270,000 higher than 2024 year-to-date totals and report a \$197,000, or 98%, favorable variance to budget. The primary drivers of the favorable variance are higher collections from card games (+\$166,000) and punch boards and pull tabs (+\$29,000). 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 third quarter of the year average about \$182,000 but have been as high as \$244,000 (2023) and as low as \$60,000 (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.



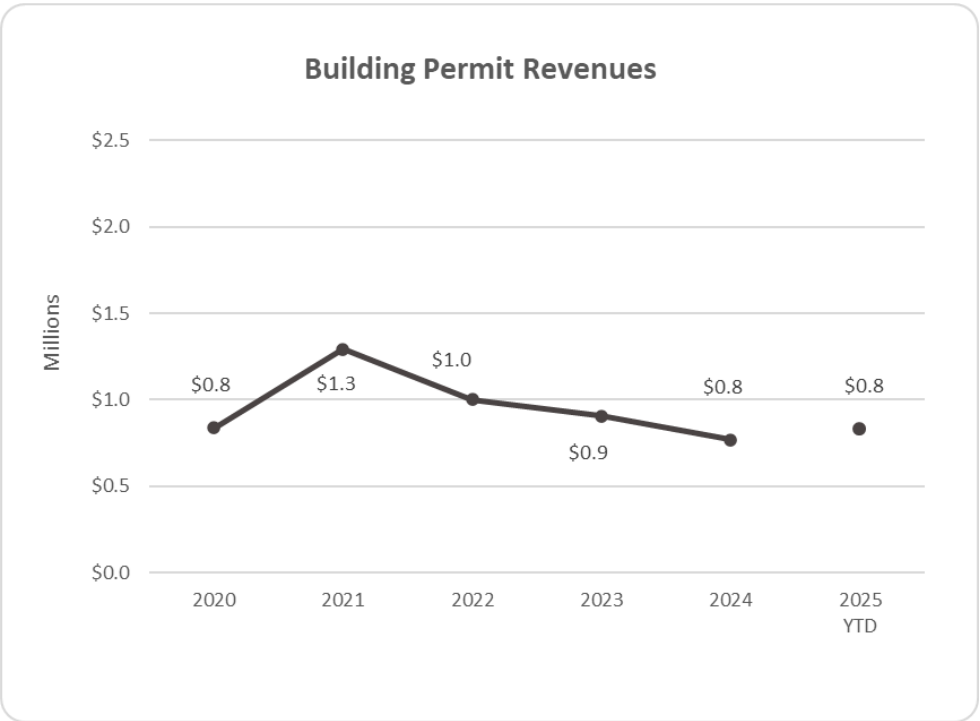
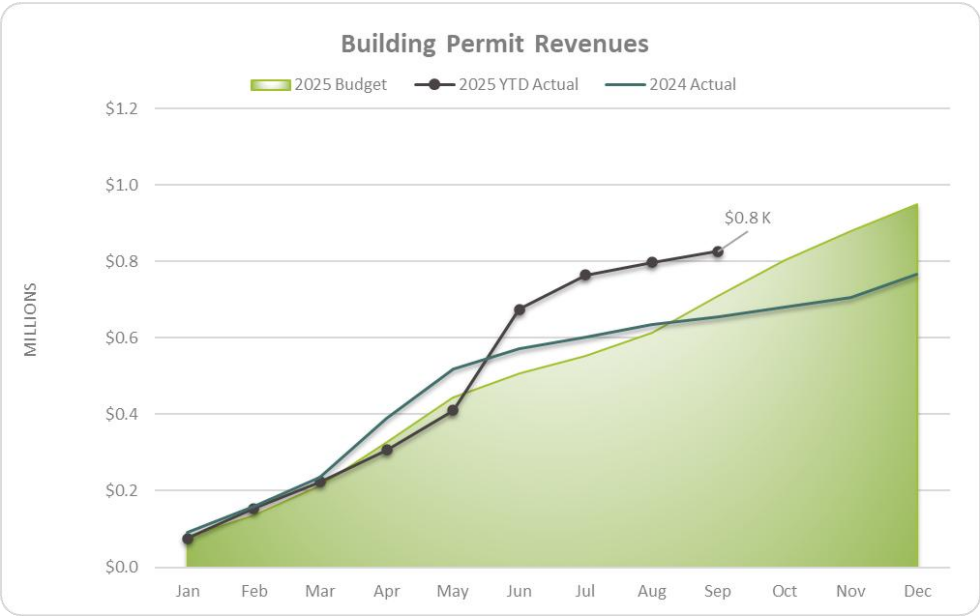
Licenses and Permits include business licenses, building permits, plumbing, electric and other licenses and permit fees. Building permit fees and other licenses (excavation, street/curb, and plumbing permits) typically comprise most of the budgeted revenue in this category, at approximately 32% and 48%, respectively.

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

Year-to-date collections totaled \$542,000 so far in 2025 compared to \$429,000 in 2024, a 26% 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 \$139,000 or 35% 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.

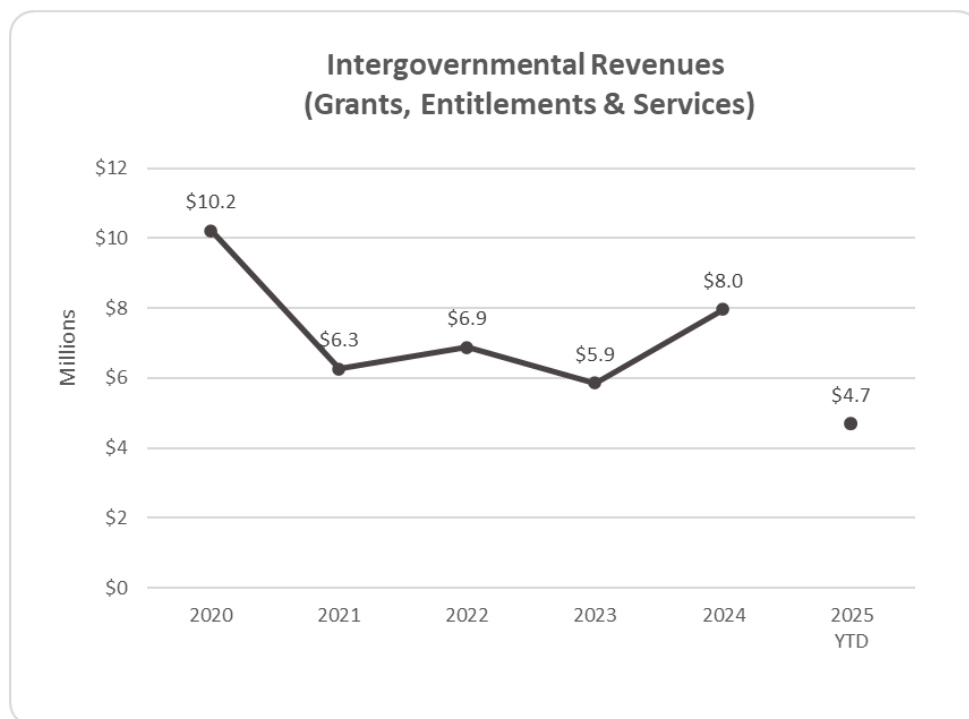


Building Permit revenues collected through September 2025 totaled \$826,000. Building permits are approximately \$170,000 higher than 2024 collections year-to-date; likewise, there is a favorable variance against the budget of \$117,000 (17%). A large contributing factor for this favorable variance versus 2024 totals is the increased valuation of construction permits on warehouses. However, the number of permits submitted throughout the third quarter decreased by 26% 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 bulk of 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 Q3-2025 totaled \$4.7 million and were \$662,000 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 at a lower amount than requested; revenues from the request started to be collected in the beginning of the second quarter.

Intergovernmental Revenues (Grants, Entitlements & Services) Through September 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	\$ 1,113,661	\$ 556,831	\$ 79,886	\$ (476,944)	-85.7%	\$ 82,994	\$ (3,108)	-3.7%
State Grants	1,219,500	837,900	653,469	(184,431)	-22.0%	574,700	78,769	13.7%
Interlocal Grants	469,682	249,500	158,119	(91,381)	-36.6%	347,600	(189,480)	-54.5%
Muckleshoot Casino Services	1,800,000	900,000	1,257,830	357,830	39.8%	2,187,210	(929,380)	-42.5%
State Shared Revenues:								
Streamlined Sales Tax	460,900	345,675	358,457	12,782	3.7%	448,071	(89,614)	-20.0%
Motor Vehicle Fuel Tax	1,173,700	886,300	742,423	(143,877)	-16.2%	811,840	(69,418)	-8.6%
Criminal Justice - High Crime	291,200	218,400	229,823	11,423	5.2%	216,565	13,258	6.1%
Criminal Justice - Population	34,500	25,500	26,932	1,432	5.6%	25,168	1,764	7.0%
Criminal Justice - Special Prog.	121,100	89,900	94,324	4,424	4.9%	88,491	5,833	6.6%
Marijuana Excise Tax	200,600	150,450	147,446	(3,004)	-2.0%	170,881	(23,435)	-13.7%
State DUI	7,800	5,850	6,245	395	6.7%	6,740	(495)	-7.4%
Fire Insurance Tax	121,600	121,600	-	(121,600)	-100.0%	-	-	-
Liquor Excise	645,300	464,616	431,354	(33,262)	-7.2%	451,204	(19,851)	-4.4%
Liquor Profit	667,100	500,325	504,531	4,206	0.8%	502,880	1,651	0.3%
Total State Shared:	3,723,800	2,808,616	2,541,534	(267,082)	-9.5%	2,721,841	(180,307)	-6.6%
YTD Total	\$ 8,326,643	\$ 5,352,847	\$ 4,690,837	\$ (662,009)	-12.4%	\$ 5,914,344	\$ (1,223,507)	-20.7%



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.

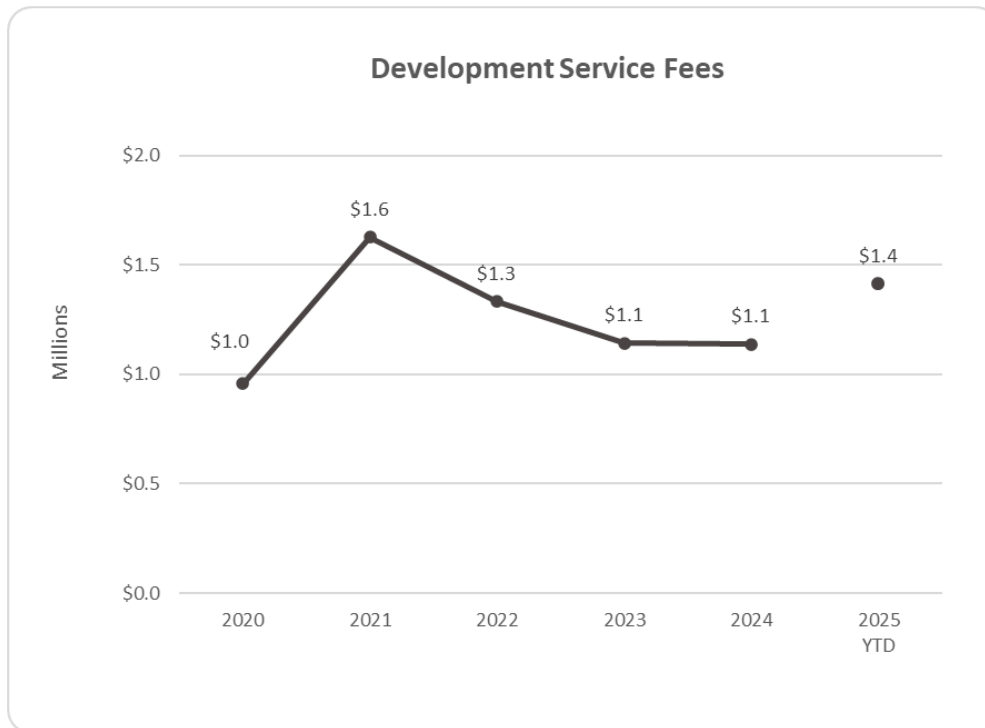
Charges for Services consist of general governmental service charges, public safety charges, development service fees, and culture and recreation fees. Charges for services revenues collected through September 2025 totaled \$9.3 million and were \$372,000, or 4%, more than expected to date. This was mainly due to culture and recreation revenues (specifically, recreation classes) generating higher than anticipated revenue.

Charges for Services by Type Through September 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	\$ 3,835,632	\$ 3,840,128	\$ 4,496	0.1%	\$ 3,378,097	\$ 462,032	13.7%
Public Safety	1,215,556	911,667	946,568	34,901	3.8%	1,072,059	(125,491)	-11.7%
Development Services	2,175,100	1,673,900	1,410,518	(263,382)	-15.7%	921,591	488,927	53.1%
Culture & Recreation	3,001,200	2,554,756	3,151,122	596,366	23.3%	2,933,340	217,783	7.4%
Total	\$ 11,506,032	\$ 8,975,955	\$ 9,348,337	\$ 372,382	4.1%	\$ 8,305,087	\$ 1,043,250	12.6%

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 \$5,000 to budget is due to the collection of public records requests. Likewise, 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 third quarter of 2025 totaled \$947,000 and saw a \$125,000 decrease from 2024 third quarter totals. The decrease to prior year is largely attributable to lower-than-expected law enforcement service fees, with a corresponding decrease in expenses related to these services. Also comparing 2024 vs 2025, DUI fees have decreased by \$52,000. Although, public safety collections hold a favorable variance to year-to-date budget expectations of \$35,000 from higher collections in law enforcement services.

Development services fee collections consist primarily of plan check fees, facility extension charges, and zoning and subdivision fees. Through Q3-2025, development service fee revenue totaled \$1.4 million, which is \$263,000 lower than budget expectations but \$489,000 higher than prior year-to-date totals. Within this category, favorable variances to year-to-date budget existed in plan check fees (+\$334,000), FAC charges (+\$88,000), and zoning and subdivision fees (+\$45,000). 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 (-\$723,000), which is due to the timing of collections on one large project. The City expects to collect the full amount budgeted for that project by the end of the year. As of the third quarter of 2025, the City has already surpassed the annual amount collected in 2024; given the current pace of collections, the City anticipates a favorable variance to budget by year end as well.



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 \$596,000, or 23%.

Nearly 65% of the year-to-date Culture and Recreation revenues have come from the Auburn Golf Course. Green fee revenues have increased by \$190,000 or 12% from the same period last year and are favorable to budget by \$337,000 year-to-date. The City projects that green fee collections will slow 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 357 or 1% from the same period last year.

Recreation classes represent 20% of year-to-date culture and recreation collections throughout the third quarter and have generally remained consistent from prior year-to-date totals with \$630,000 in collections. Ticket sales for performances held at local school venues (previously held at the Auburn Avenue Theater) have decreased by \$3,000 or 5% from prior year totals and also carry an unfavorable variance to budget by \$15,000. This is mainly due to a decrease in ticket sales at the Performing Arts Center as the popularity of various shows were not as high as last year. With continued community participation in community activities through the remainder of the year the City is expecting a slight increase in revenues throughout 2025.



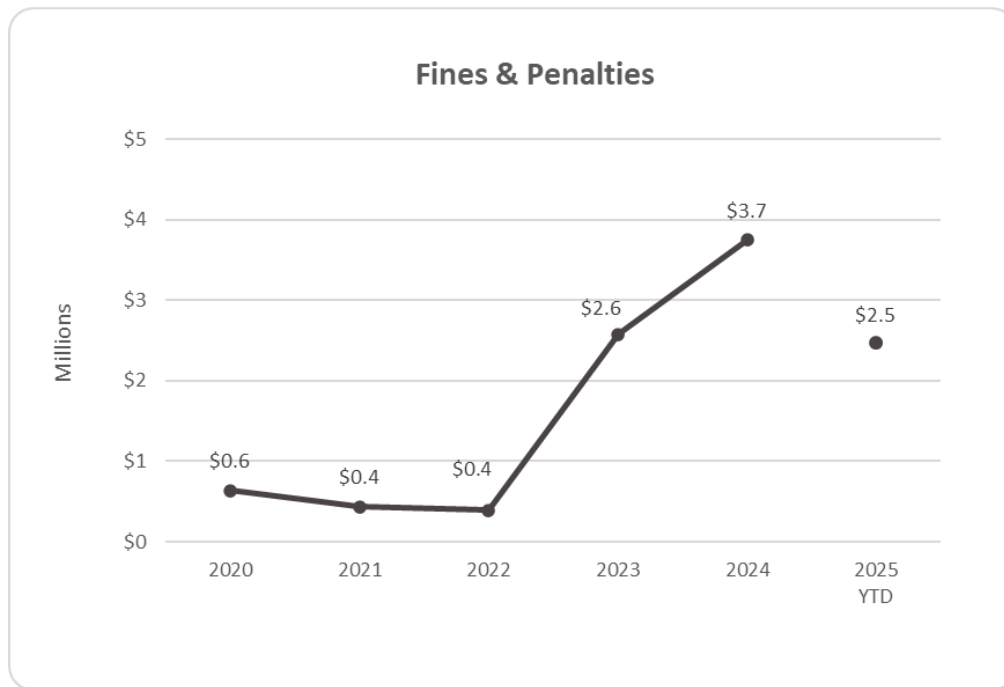
Fines & Penalties include civil penalties (such as code compliance fines), parking and traffic infraction penalties, criminal fines (including criminal traffic, criminal non-traffic, and other criminal offenses) as well as non-court fines such as false alarm fines. The table below shows a detailed breakdown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

Fines & Penalties by Type Through September 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	\$ 891	\$ 963	\$ 71	8.0%	\$ 8,783	\$ (7,821)	-89.0%
Civil Infraction Penalties	148,400	111,800	191,154	79,354	71.0%	132,674	58,480	44.1%
Photo Enforcement	1,100	600	-	(600)	-100.0%	157	(157)	-100.0%
Parking Infractions (School Speed Zone)	2,233,506	1,426,600	1,431,740	5,140	0.4%	2,078,436	(646,696)	-31.1%
Criminal Traffic Misdemeanor	31,200	21,200	41,147	19,947	94.1%	25,847	15,300	59.2%
Criminal Non-Traffic Fines	48,200	37,800	54,483	16,683	44.1%	56,679	(2,195)	-3.9%
Criminal Costs	12,200	10,400	4,768	(5,632)	-54.2%	7,314	(2,546)	-34.8%
Non-Court Fines & Penalties	47,100	33,000	733,996	700,996	2124.2%	455,806	278,190	61.0%
Total	\$ 2,522,706	\$ 1,642,291	\$ 2,458,250	\$ 815,959	49.7%	\$ 2,765,694	\$ (307,444)	-11.1%

Total revenues collected through September 2025 were \$2.5 million as compared to a budget of \$1.6 million and were 50% above budget expectations. This is primarily due to an influx of non-court fines & penalties throughout the third quarter stemming from the assessed fines and penalties regarding the backpay of B&O taxes. Collections of the photo enforcement program, which are classified as parking infractions, have a slight favorable variance but are roughly \$647,000 less than prior year. Current trend shows that roughly 36% of photo enforcement collections occur during the fourth quarter. The City is anticipating that the favorable variance to budget to increase.

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 \$293,000, approximately one-

third of their average for the period of 2015-2019, prior to contracting with King County. The City Council has approved the establishment of a municipal court effective January 1, 2027.



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

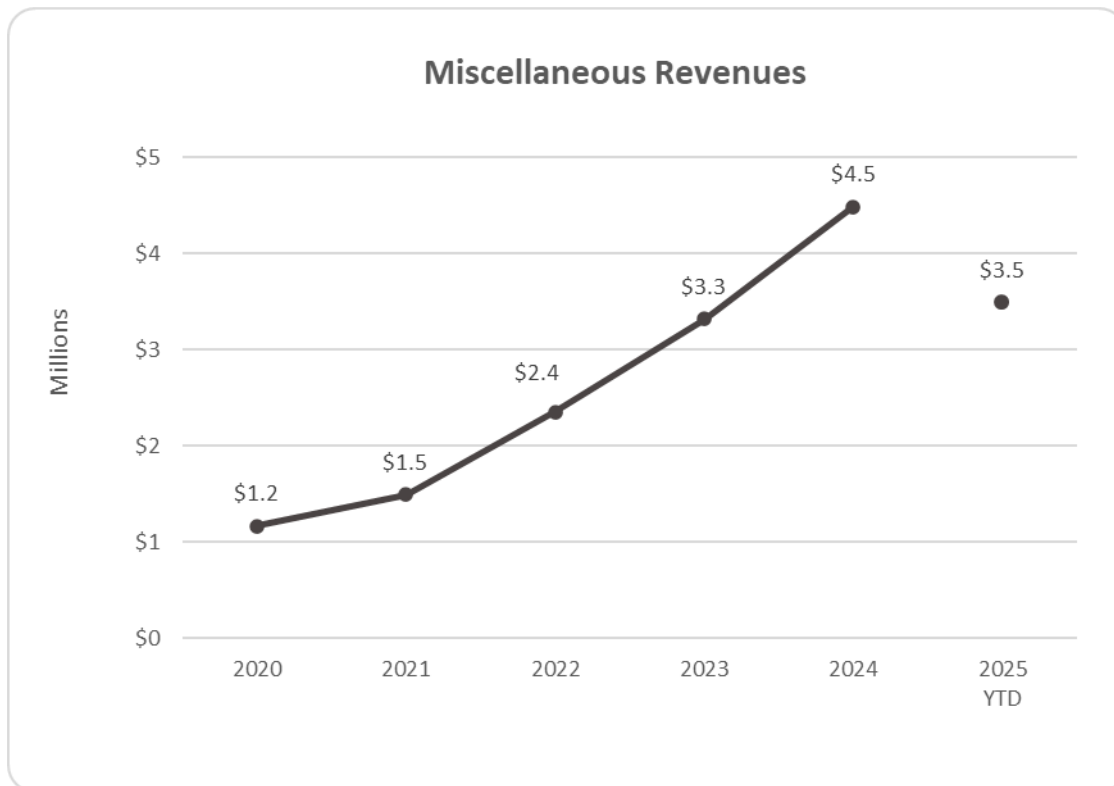
Miscellaneous Revenues by Type Through September 2025								
Revenue	2025			Favorable (Unfavorable)		2024	2025 YTD Actual vs. 2024 Actual	
	Annual Budget	YTD Budget	YTD Actual	Amount	Percentage	YTD Actual	Amount	Percentage
Interest & Investments	\$ 782,500	\$ 520,674	\$ 1,959,343	\$ 1,438,669	276.3%	\$ 1,648,748	\$ 310,595	18.8%
Rents & Leases	1,168,180	999,200	1,157,622	158,422	15.9%	1,214,999	(57,377)	-4.7%
Contributions & Donations	33,623	27,873	27,032	(841)	-3.0%	18,889	8,143	43.1%
Other Miscellaneous Revenue	266,660	218,750	347,063	128,313	58.7%	701,042	(353,979)	-50.5%
Total	\$ 2,250,963	\$ 1,766,497	\$ 3,491,060	\$ 1,724,563	97.6%	\$ 3,583,677	\$ (92,617)	-2.6%

Revenues collected year-to-date 2025 in this category totaled \$3.5 million and were \$1.7 million or 98% favorable to budget. Of the favorable variance to budget, 83% 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 \$158,000 against year-to-date budget expectations, with a temporary easement of City property contributing significantly to the variance. Likewise, golf cart rentals, coinciding with peak golf season, are favorable to budget by \$49,000. Also, with the warm summer months, the City saw an increase in general rentals and concessions which contributed \$82,000 of favorable variance to the category. However, facility rentals were unfavorable to budget expectations by \$17,000, 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 \$57,000 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 \$354,000 less than the same timeframe last year but was favorable to the year-to-date budget by \$128,000. This category includes revenue related to a national opioid settlement distribution program; the City did receive settlement payments during the second quarter of the year totaling \$70,000, 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 \$2.5 million, which is \$1.1 million or 45% favorable to budget expectations. Due to its historical volatility, this revenue is budgeted conservatively.

According to King County's assessed valuations of property taxes, the County has increased in property value by 2%. Combined with lower current interest rates, the climate for real estate sales seems favorable within the State of Washington.

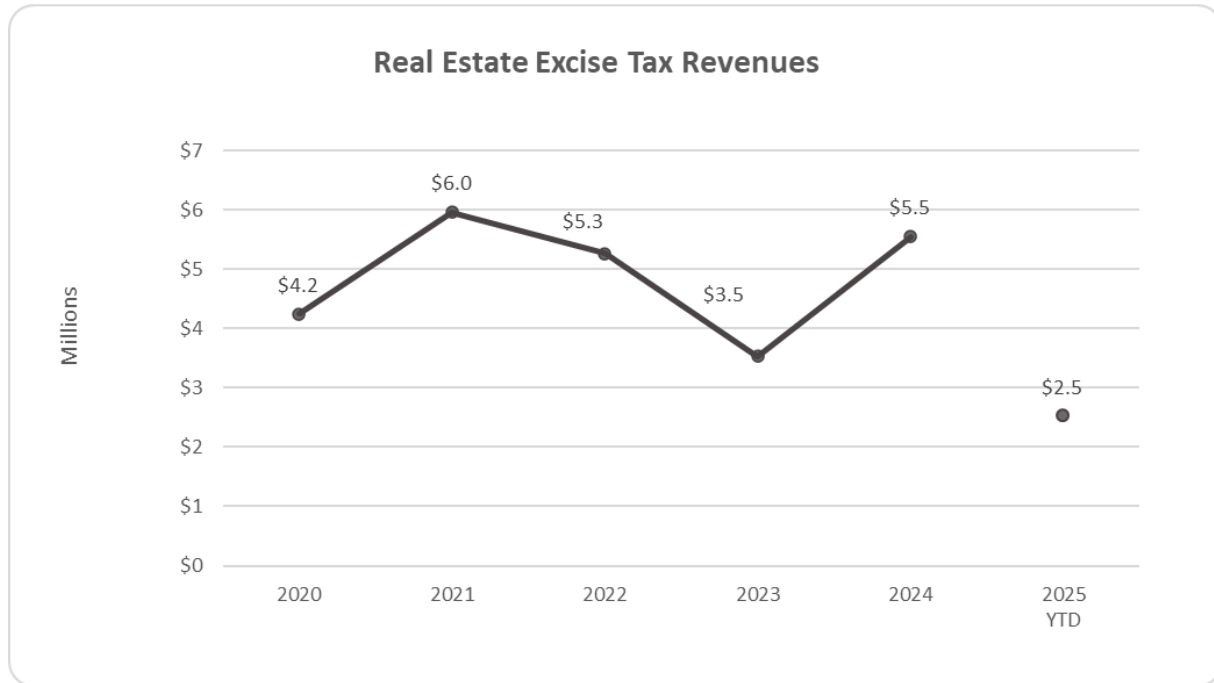
Despite this, year-to-date REET collections in 2025 have decreased compared to those of last year due to two large purchases of commercial property within City limits in 2024. While collections are favorable to budget projections, it is the lowest third quarter year-to-date total in over ten years. This is a sign of a cooling market even though interest rates have declined since a peak in 2023.



Real Estate Excise Tax Revenues Through September 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	\$ 1,381,350	\$ 2,517,409	\$ 1,136,059	45.1%	\$ 4,063,530	\$ (1,546,122) -38.0%
Total	\$ 1,800,000	\$ 1,381,350	\$ 2,517,409	\$ 1,136,059	45.1%	\$ 4,063,530	\$ (1,546,122) -38.0%

Overall collections peaked in 2021 following two years of historic low interest rates maintained by the Federal Reserve in response to COVID-19. Interest rates were increased throughout 2022 and 2023 to address severe inflation, cooling the market and lowering REET collections in those years. The interest rates decreased in December of last year and has since decreased again in

September. The current market data indicates another potential rate cut in October. With market uncertainty throughout the country, the City is monitoring REET collections closely. Generally, REET revenues have reflected the overall market volatility in recent years, with a standard deviation of \$961,000 or 28% of the average annual collections over the period of 2017 to 2024.



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 September 30, 2025, the City has been able to spend \$2.0 million year-to-date and \$8.7 million since 2021 on the following projects:

Title	Budget	2025		
		Q3 Spend	Lifetime Spend (includes this quarter)	Remaining
Completed Projects	3,785,102	-	3,854,222	-
Neighborhood Street Light Program	1,500,000	254,559	1,500,000	-
Neighborhood Traffic Calming	200,000	-	200,000	-
Traffic Signals	135,000	-	-	135,000
Human Services Grants Includes Admin Theater	1,000,000	-	445,882	554,118
Tyler Tech MUNIS Financial Implementation	389,700	-	-	389,700
Paving Gravel Roads	301,500	-	-	301,500
2023 Local Street Preservation	135,000	-	137,836	-
Translation Services	501,886	-	48,167	453,719
Cyber Security Locks	25,000	-	1,685	23,315
Auburn Way South Median Landscape Replanting/Irrigation	50,000	-	-	50,000
Auburn Way South Roundabout	50,000	-	40,187	9,814
Emergency Housing Voucher Program	150,000	692	53,924	96,076
DEI Dashboard (Inclusive Auburn)	2,000,000	81,065	822,147	1,177,853
Encampment Cleanup	130,000	-	92,805	37,195
Downtown Sidewalk Replacement on Main Street and B Street Plaza Surface Replacement	500,000	-	456,403	43,597
Community Violence Intervention Programs (Drone, SPIDR Tech)	1,819,409	29,823	857,790	961,619
Other Projects (not started)	236,248	-	204,436	31,812
Total:	14,751,231	366,139	8,715,482	6,035,749

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 was completed during the third quarter and will no longer be listed in the narrative in future reports. Total spending to date is \$1.5 million with \$254,559 being spent in the third 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 is now complete and will be listed under “Completed Projects” moving forward. The total spent on this project was \$200,000.

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 20 individuals utilizing this program. Life-to-date project spend is \$822,147 with \$81,065 occurring in Q3-2025.

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 spent on this project so far is \$857,790 with \$29,823 spent in the third 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.

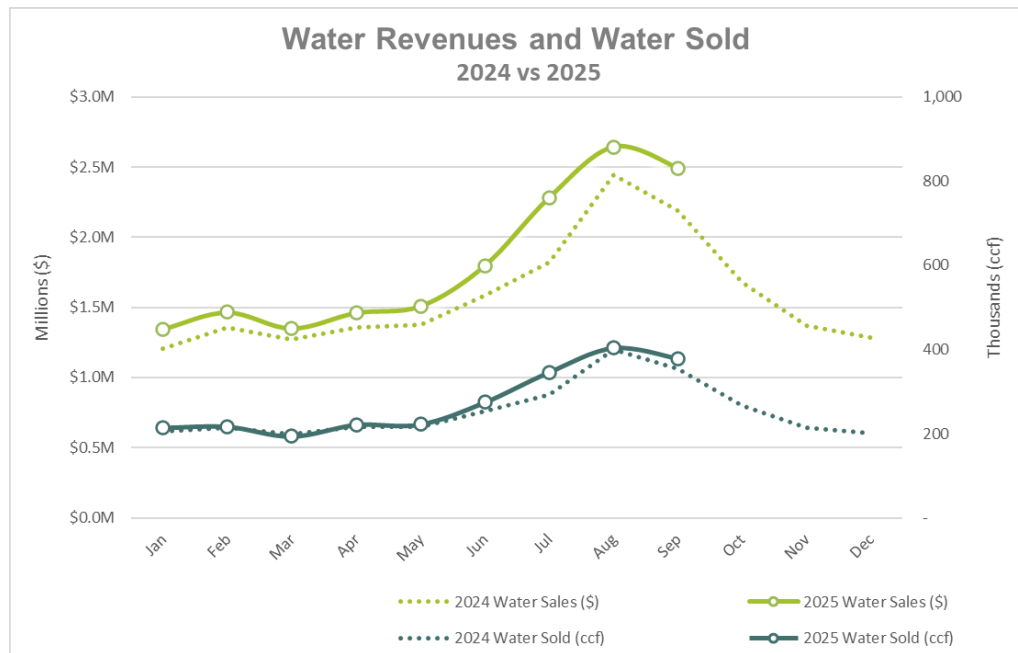
Through September 2025, the **Water Utility Fund** had operating income of \$6.7 million (operating revenues less operating expenditures), an increase of +\$681,000 over the same period last year. Consistent with expectations, revenue increased compared to the first quarter, peaked in the third quarter, and is expected to decline in the fourth quarter.

Total operating revenues increased \$1.8 million, from \$15.5 million through Q3-2024 to \$17.2 million through Q3-2025. This change was largely driven by increases in both rates and water consumption; charges for service revenues were \$16.5 million through Q3-2025 compared to \$14.8 million through Q3-2024, an increase of 12%. Other revenues were consistent with last year.

Operating expenses also increased from \$9.4 million to \$10.5 million (+\$1.1 million). Expenses increased in several areas compared to the prior year, including personnel costs (+\$164,000), supplies (+\$29,000), other service charges (+\$227,000) and interfund charges (+\$657,000).

Compared to projections, the fund's operating income is \$2.4 million favorable to the year-to-date budget. Operating revenues were \$1.8 million higher than anticipated through Q3-2025, with interest earnings outperforming budget expectations by \$590,000 along with higher charges for services (+\$1.2 million). Operating expenditures had a \$601,000 favorable variance to budget, driven by lower-than-expected personnel costs (-\$366,000), as well as lower professional services costs (-\$229,000), external utility expenditures (-\$175,000) and excise taxes (-\$127,000). These favorable variances were partially offset by higher than anticipated utility interfund taxes (+\$339,000).

Billable water consumption through Q3-2025 totaled 2.5 million ccf (hundred cubic feet), which is +120,000 ccf, or 5.1% higher than consumption in Q3-2024. Increases in consumption were seen across nearly all customer classes, with the largest gains seen in manufacturing, single family homes, and irrigation. These increases were partially offset by a marginal decrease in the commercial customer class.



Compared to the same period last year, the **Sewer Utility Fund** saw a slight increase of 3% in operating income, finishing Q3-2025 with \$4.1 million in operating income, \$119,000 higher than Q3-2024. Operating revenues were up \$661,000 from the same period last year due to strong performance in charges for City sewer service (+\$643,000) and interest earnings (+\$18,000). These gains were mitigated by higher increases in operating expenses, which rose \$542,000 from \$5.2 million through Q3-2024 to \$5.7 million through Q3-2025. These increases were due primarily to higher interfund charges (+\$449,000) and supplies costs (+\$77,000).

Through Q3-2025, this fund performed better than budget expectations with a \$2.5 million favorable variance in operating revenues, both in charges for service (+\$1.6 million) and interest earnings (+\$941,000). Additionally, operating expenditures had a \$836,000 favorable variance compared to budget expectations, due to savings in personnel costs (-\$300,000) and utility interfund and state tax charges (-\$514,000).

The **Stormwater Utility Fund** had operating income of \$2.5 million through Q3-2025, a slight decrease (-\$2,000) from the same period last year. While operating revenues were higher through Q3-2025 compared to Q3-2024 (+\$786,000), operating expenses for this fund were also higher during the same period (+\$788,000). Charges for service revenue increased \$663,000, or 7%, from Q3-2024. Primary drivers for the increase in operating expenditures were increased service charges (+\$268,000), and interfund charges (+\$464,000).

This fund also outperformed budget expectations, with a \$1.0 million favorable-to-budget variance in operating income, with operating revenues outperforming budget expectations by \$840,000 due to higher than anticipated charges for service (+\$265,000) and interest earnings (+\$572,000). Meanwhile, expenditures were lower than anticipated (-\$163,000), mainly due to the timing of miscellaneous professional service charges.

The **Solid Waste Utility Fund** finished Q3-2025 with operating income of \$2.2 million, which is \$1.8 million higher than the \$346,000 in operating income reported through the same period last year. Operating revenues increased \$1.5 million, driven by an increase of \$1.7 million (+7%) 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 (-\$141,000).

Operating expenditures decreased \$267,000 from \$22.8 million through Q3-2024 to \$22.5 million through Q3-2025. This decrease was driven primarily by a decrease in total professional service charges (-\$236,000). This includes payments to the City's solid waste provider, which are subject to timing differences throughout the year between revenues collected and payments made. These timing differences are expected to be resolved by the end of the fiscal year.

Compared to budget expectations, operating revenues were higher than anticipated (+\$418,000) due primarily to charges for service (+\$405,000). Operating expenses were lower than expected (-\$153,000) due primarily to payments to the City's solid waste provider (-\$422,000) and litter control services (-\$34,000), as well as lower than anticipated supplies (-\$33,000), communications (-\$17,000) and advertising (-\$11,000) expenditures. These favorable variances were partially offset by higher-than-expected utility and excise taxes (+\$412,000). In total, the fund had a \$571,000 favorable variance in operating income compared to budget expectations through Q3-2025.

Internal Service Funds

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

Contact Information

This report has been 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.