



AGENDA BILL APPROVAL FORM

Agenda Subject: 2 nd Quarter 2014 Financial Report		Date: August 12, 2014
Department: Finance	Attachments: Quarterly Financial Report	Budget Impact: \$0
Administrative Recommendation: For discussion only.		

Background Summary:

The purpose of the quarterly financial report is to summarize for the City Council the general state of Citywide financial affairs and to highlight significant items or trends that the City Council should be aware of. The following provides a high level summary of the City's financial performance. Further detail can be found within the attached financial report.

The 2nd Quarter status report is based on financial data available as of July 29, 2014 for the period ending June 30, 2014. Sales tax information represents business activity that occurred through April 2014.

General Fund:

The General Fund is the City's largest fund and is used to account for the majority of City resources and services except those required by statute or to be accounted for in another fund.

Through June 2014, General Fund revenues totaled \$30.2 million and were sufficient to support total General Fund expenditures of \$26.5 million. General Fund revenues exceed budget by \$2.3 million, or 8.2% primarily due to increases in retail sales tax collections, building permit revenues, and development services fees.

General Fund expenditures through June totaled \$26.5 million and compare to prior year expenditures of \$25.5 million. Effective January 1, 2014, an accounting change occurred whereas the Golf Course fund is now reported under the General Fund. After recognizing this change, year to date expenditures are \$235,000 higher than the same period the prior year – which equates to a 1.0% increase. Through June 2014, payments to SCORE have decreased by \$962,000 compared to the same period the year prior. The majority of this reduction in expenditures is due to reduced monthly payments for incarceration services (current year monthly payments are based upon prior year City inmate counts). Overall departmental spending is \$1.7 million - or 5.9% under budget due to staff vacancies, underspend of contingency funds, and continued vigilance in monitoring general spending.

Year to date, 3,063 pet licenses have been sold resulting in \$76,930 in revenue. For the same period in 2013, 2,619 licenses were sold resulting in \$77,295 in revenue.

Enterprise Funds:

The City's seven enterprise funds account for operations with revenues primarily provided from user fees, charges or contracts for services.

At the end of the second quarter, the Water fund's net operating income increased to \$273,800 and compares to income of \$134,700 the previous year. The Sewer fund ended the quarter with \$81,000 net operating income compared to an operating loss of \$392,100 the previous year; the Sewer-Metro Utility ended the quarter with operating income of \$58,300 compared to an operating loss of \$52,900 the previous year; and the Stormwater Utility ended the quarter with operating income of \$1,356,400 and compares to operating income of \$630,300 the previous year.

The Cemetery ended the second quarter with a net operating loss of \$28,000 compared to an operating loss of \$3,100 the previous year.

Internal Service Funds:

Internal Service Funds provide services to other City departments and include functions such as Insurance, Worker's Compensation, Facilities, Innovation and Technology, and Equipment Rental. All funds have sufficient revenues to cover year to date expenditures.

Investment Portfolio:

The City's total cash and investments at the end Q2-2014 was \$119.4 million, and compares to \$113.9 million at the end of Q1-2014.

<p>Reviewed by Council & Committees:</p> <p><input type="checkbox"/> Arts Commission <input type="checkbox"/> Airport <input type="checkbox"/> Hearing Examiner <input type="checkbox"/> Human Services <input type="checkbox"/> Park Board <input type="checkbox"/> Planning Comm.</p> <p>COUNCIL COMMITTEES:</p> <p><input checked="" type="checkbox"/> Finance <input type="checkbox"/> Municipal Serv. <input type="checkbox"/> Planning & CD <input checked="" type="checkbox"/> Public Works <input type="checkbox"/> Other _____</p>	<p>Reviewed by Departments & Divisions:</p> <p><input type="checkbox"/> Building <input type="checkbox"/> Cemetery <input checked="" type="checkbox"/> Finance <input type="checkbox"/> Fire <input type="checkbox"/> Legal <input type="checkbox"/> Public Works <input type="checkbox"/> Information Services</p> <p><input type="checkbox"/> M&O <input type="checkbox"/> Mayor <input type="checkbox"/> Parks <input type="checkbox"/> Planning <input type="checkbox"/> Police <input type="checkbox"/> Human Resources</p>
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Action:

Committee Approval: Yes No
 Council Approval: Yes No Call for Public Hearing ___/___/___
 Referred to _____ Until ___/___/___
 Tabled _____ Until ___/___/___

Councilmember: Wales	Staff: Coleman
Meeting Date: August 18, 2014	Item Number:

General Fund Summary of Sources and Uses	2014			2013	2014 YTD Budget vs. Actual	
	Annual Budget	YTD Budget	YTD Actual	YTD Actual	Favorable (Unfavorable) Amount	Percentage
Operating Revenues						
Property Tax	15,699,417	8,212,400	8,345,532	7,554,840	133,132	1.6 %
Sales Tax	13,048,552	6,222,600	6,720,176	6,022,742	497,576	8.0 %
Sales Tax - Annexation Credit	1,404,590	661,700	886,979	800,828	225,279	34.0 %
Criminal Justice Sales Tax	1,231,185	587,400	791,944	726,619	204,544	34.8 %
Brokered Natural Gas Tax	303,008	197,400	174,971	172,730	(22,429)	(11.4) %
City Utilities Tax	3,203,673	1,549,300	1,683,352	1,656,266	134,052	8.7 %
Admissions Tax	365,427	145,400	133,624	130,125	(11,776)	(8.1) %
Electric Tax	3,373,905	1,828,100	1,901,539	1,764,812	73,439	4.0 %
Natural Gas Tax	1,213,919	809,600	786,907	686,121	(22,693)	(2.8) %
Cable TV Franchise Fee	816,000	403,500	441,481	423,065	37,981	9.4 %
Cable TV Franchise Fee - Capital	62,310	31,300	31,598	31,530	298	1.0 %
Telephone Tax	2,042,737	988,000	916,112	868,991	(71,888)	(7.3) %
Garbage Tax (external)	96,261	48,800	52,926	49,279	4,126	8.5 %
Leasehold Excise Tax	50,754	25,800	17,649	19,045	(8,151)	(31.6) %
Gambling Excise Tax	<u>250,237</u>	<u>129,900</u>	<u>137,999</u>	<u>138,630</u>	<u>8,099</u>	<u>6.2 %</u>
Taxes sub-total	43,161,975	21,841,200	23,022,789	21,045,624	1,181,589	5.4 %
Business License Fees	203,015	97,400	94,037	103,077	(3,364)	(3.5) %
Building Permits	1,169,160	563,600	833,282	1,305,734	269,682	47.8 %
Other Licenses & Permits	528,072	237,400	327,199	346,490	89,799	37.8 %
Intergovernmental (Grants, etc.)	5,087,759	2,386,736	2,377,371	2,374,040	(9,365)	(0.4) %
Charges for Services:						
General Government Services	94,783	47,500	64,122	51,839	16,622	35.0 %
Public Safety	17,351	10,300	287,781	13,615	277,481	2694.0 %
Development Services Fees	738,881	353,100	638,333	678,789	285,233	80.8 %
Culture and Recreation - (1)	2,047,549	1,022,400	1,110,564	494,260	88,164	8.6 %
Fines and Forfeits	<u>1,562,575</u>	<u>830,300</u>	<u>758,806</u>	<u>742,761</u>	<u>(71,494)</u>	<u>(8.6) %</u>
Fees/Charges/Fines sub-total	11,449,145	5,548,736	6,491,494	6,110,604	942,758	17.0 %
Interests and Other Earnings	42,230	21,700	18,714	23,920	(2,986)	(13.8) %
Rents, Leases and Concessions - (1)	543,150	295,400	371,808	184,868	76,408	25.9 %
Contributions and Donations	30,000	14,600	25,789	27,509	11,189	76.6 %
Other Miscellaneous - (1)	113,200	45,300	68,888	33,177	23,588	52.1 %
Transfers In	92,000	92,000	121,097	193,548	29,097	31.6 %
Insurance Recoveries - Capital & Operating	<u>25,000</u>	<u>12,600</u>	<u>40,229</u>	<u>56,042</u>	<u>27,629</u>	<u>219.3 %</u>
Other Revenues sub-total	845,580	481,600	646,526	519,064	164,926	34.2 %
Total Operating Revenues	55,456,700	27,871,536	30,160,808	27,675,292	2,289,272	8.2 %
Operating Expenditures						
Council & Mayor	718,926	350,668	381,106	504,870	(30,438)	(8.7) %
Administrative Services	828,034	414,017	327,627	0	86,389	20.9 %
Community & Human Services	1,379,335	746,500	443,788	501,722	302,712	40.6 %
Municipal Court & Probation	1,870,966	129,784	85,577	184,008	44,207	34.1 %
Human Resources	1,557,163	738,500	642,027	690,245	96,473	13.1 %
Finance	1,369,895	694,000	567,757	601,115	126,243	18.2 %
City Attorney	1,880,945	975,500	827,842	987,778	147,658	15.1 %
Community Development	4,069,107	2,040,626	1,880,297	1,894,189	160,329	7.9 %
Jail - SCORE	5,786,100	2,593,625	2,464,589	3,426,651	129,036	5.0 %
Police	21,238,447	10,344,100	9,965,305	9,240,696	378,795	3.7 %
Public Works	2,653,441	1,273,100	1,279,946	1,273,989	(6,846)	(0.5) %
Parks, Arts & Recreation - (1)	9,512,253	4,756,200	4,761,923	3,961,902	(5,723)	(0.1) %
Streets	3,295,760	1,427,600	1,469,914	1,279,550	(42,314)	(3.0) %
Non-Departmental	3,268,607	1,696,104	1,411,850	976,455	284,254	16.8 %
Total Operating Expenditures	59,428,978	28,180,323	26,509,549	25,523,173	1,670,774	5.9 %

(1) Through December 31, 2013, Golf Course revenues and expenditures were reported under Fund 437. Effective January 1, 2014, Golf Course revenues and expenditures are now reported in the General Fund (above). Therefore, when comparing 2014 General Fund actuals to prior year, it is important to recognize this change.

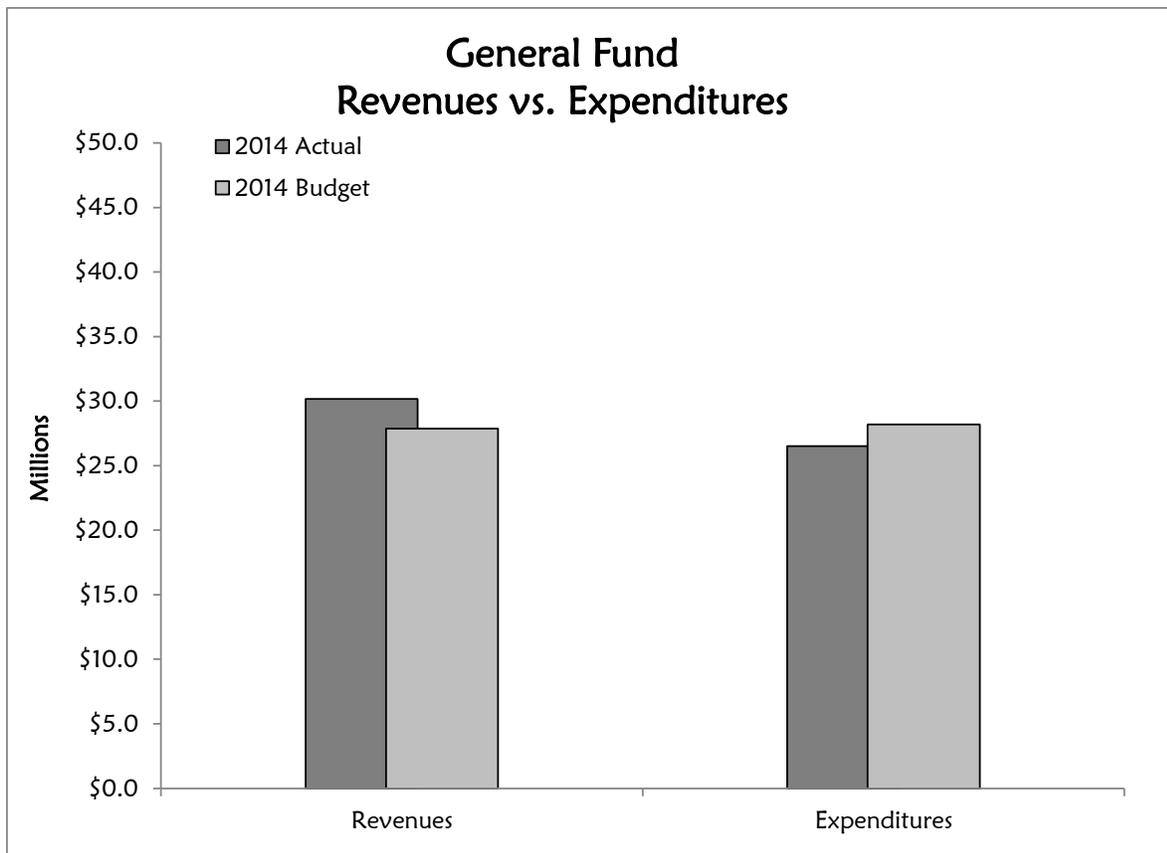
Overview

This financial overview reflects the City’s overall financial position for the fiscal period ending June 30, 2014 and represents financial data available as of July 29, 2014. The budgeted revenues and operating expenditures are primarily based on the collection/disbursement average for the same period of the two years prior.

Through the first half of 2014, General Fund revenues totaled \$30.2 million and compare to budget of \$27.9 million and previous year-to-date collections of \$27.7 million. Some highlights year to date include:

- Property Tax revenues totaled \$8.3 million and are in line with 2014 budget expectations of \$8.2 million.
- Sales Tax revenues totaled \$6.7 million and exceeds budget by 8.0% or \$498,000.
- Criminal Justice Sales Taxes and Sales Taxes from Annexation exceed budget expectations by \$430,000 through the second quarter of 2014.
- Fees/Charges/Fines totaled \$6.5 million and exceeds budget by \$943,000 primarily due to stronger than budgeted revenues from development activity.

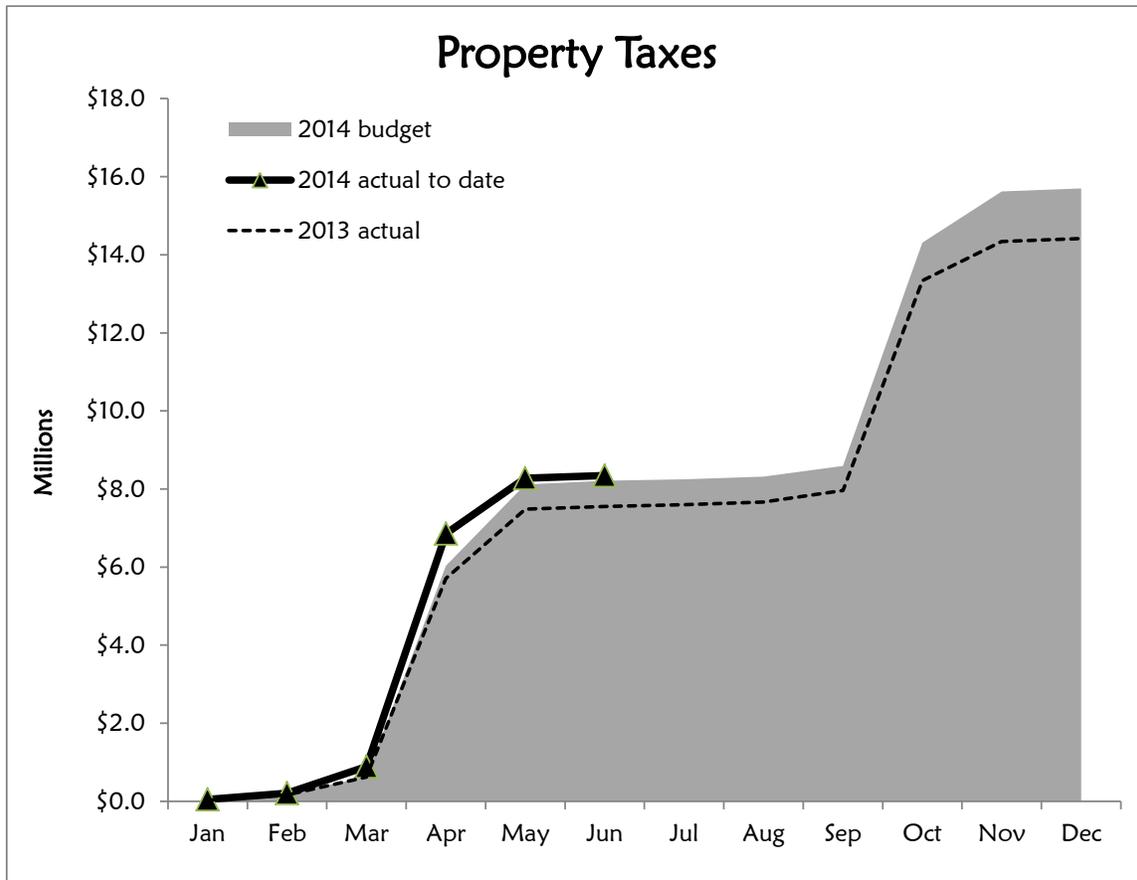
General Fund expenditures through the first half of 2014 totaled \$26.5 million and compare to budget of \$28.2 million. Due to an accounting change effective January 1, 2014 all revenues and expenditures related to the Auburn Golf Course are now reported under the General Fund. Therefore it is important to recognize this shift when comparing 2014 performance to prior year performance. After adjusting the Golf Course expenditures through June of 2013 in the amount of \$752,000, the year to date General Fund expenditures are running 1.0% higher than the same period the prior year.



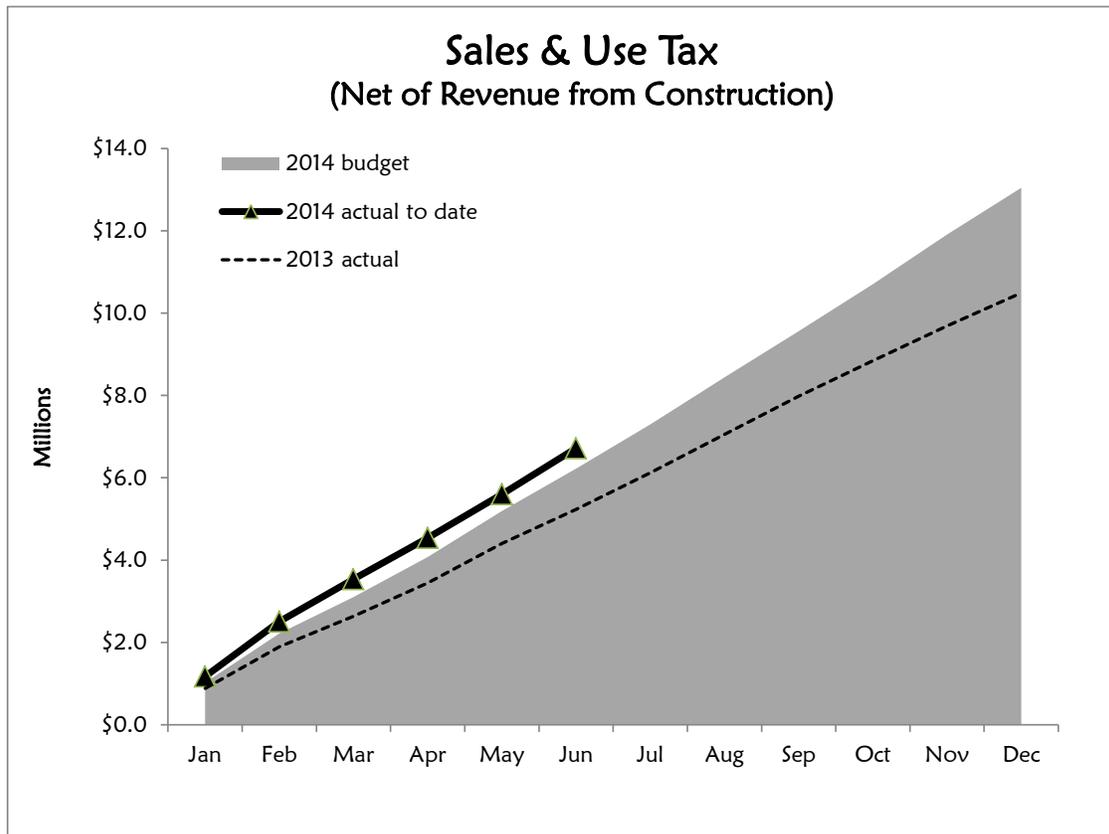
Revenues

The combined total of property tax, sales/use tax, utility tax, gambling, and admissions tax provide approximately 80% of all resources supporting general governmental activities. The following section provides additional information on these sources.

Property Tax collections to date totaled \$8.3 million and compare to budget of \$8.2 million and are in line with 2014 expectations due to the levy correction. The majority of property tax revenues are collected during the months of April and October, coinciding with the due dates for the County property tax billings.



Sales tax distributions Citywide totaled \$7.6 million of which \$6.7 million was distributed to the General Fund, and \$859,000 to the Local Street Fund (SOS) program.* Year to date Sales Tax revenue collections in the General Fund exceed budget expectations by \$498,000, or 8.0%.



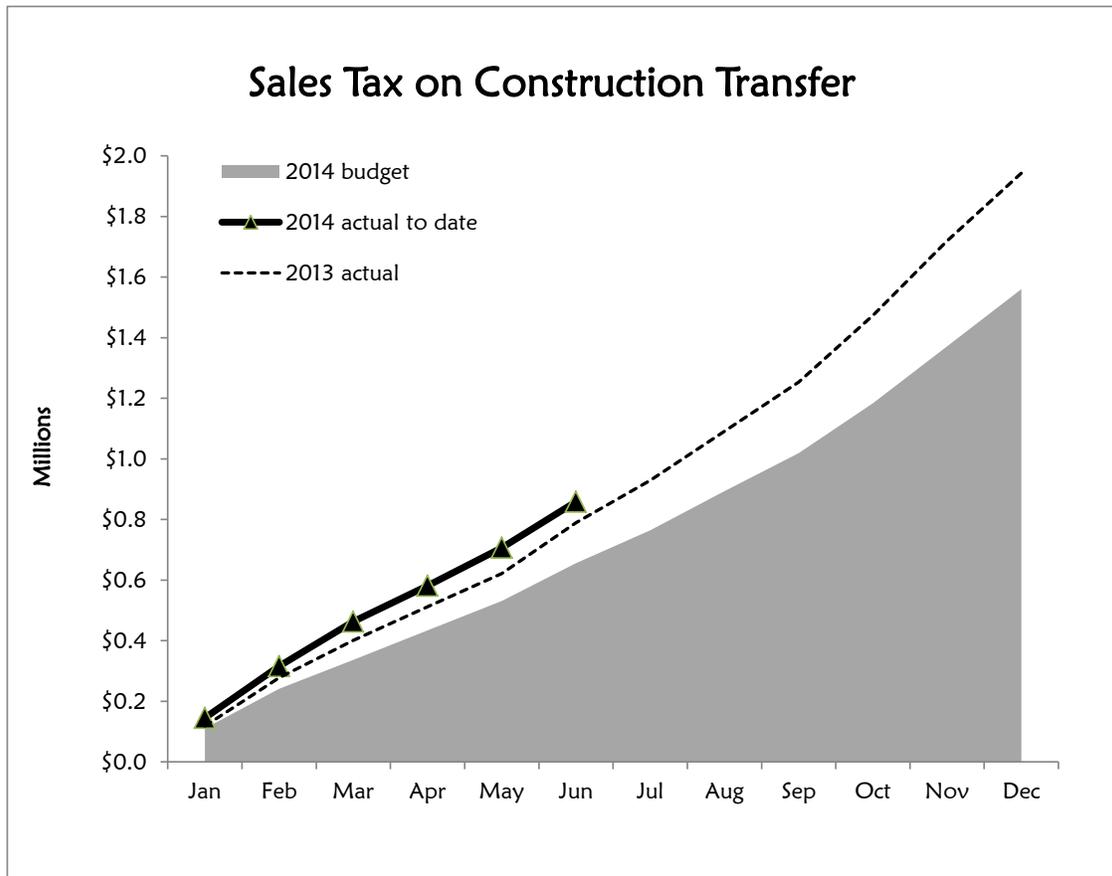
* Per 2013-2014 budget, Local Street Fund (Fund 103) street repairs are funded from sales taxes on construction. Total transferred in through Q2-2014 is \$858,847. The graphic above presents sales taxes under the current policy.

The following table breaks out the City’s base sales tax, excluding Criminal Justice, Annexation Credit and Streamlined Sales Tax Mitigation by major business sectors.

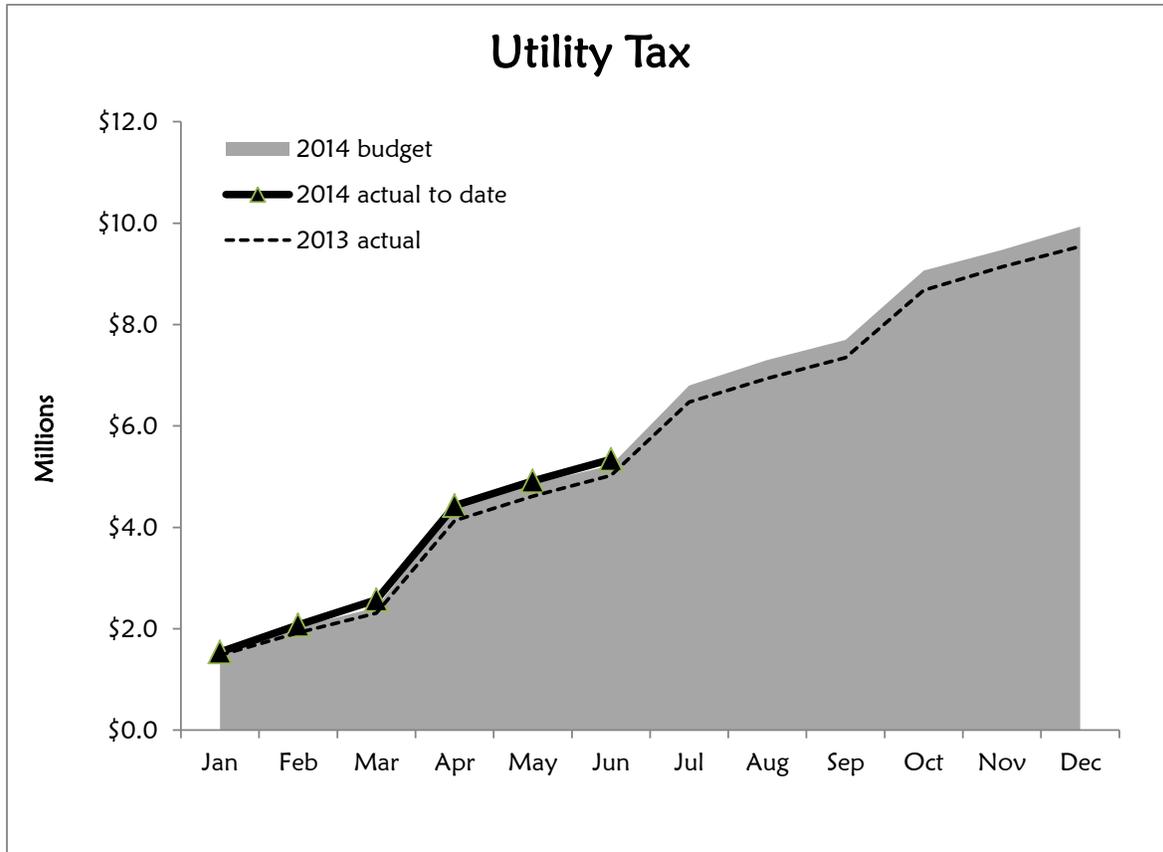
Comparison of Sales Tax Collections by SIC Group				
June-2014				
Component Group	2013 Actual	2014 Actual	Change from 2013	
			Amount	Percentage
Construction	789,208	858,847	69,639	8.8 %
Manufacturing	314,598	576,227	261,629	83.2 %
Transportation & Warehousing	18,193	19,651	1,458	8.0 %
Wholesale Trade	622,225	583,189	(39,036)	(6.3) %
Automotive	1,480,325	1,546,982	66,657	4.5 %
Retail Trade	2,085,198	2,315,684	230,486	11.1 %
Services	1,489,325	1,620,072	130,747	8.8 %
Miscellaneous	36,197	75,543	39,346	108.7 %
YTD Total	6,835,269	7,596,196	760,927	11.1 %

As shown on the prior page, sales tax revenues collected through the first half of 2014 exceed prior year collections by \$761,000. The areas showing the largest amount of increase in revenues compared to 2013 are in the manufacturing and retail trade categories.

Total sales tax revenue on construction, which is transferred to the Local Street Fund (Fund 103) for local street repair and maintenance, totals \$858,847 year to date and exceeds budget by \$203,000 reflecting increased commercial and residential construction activity throughout the City.



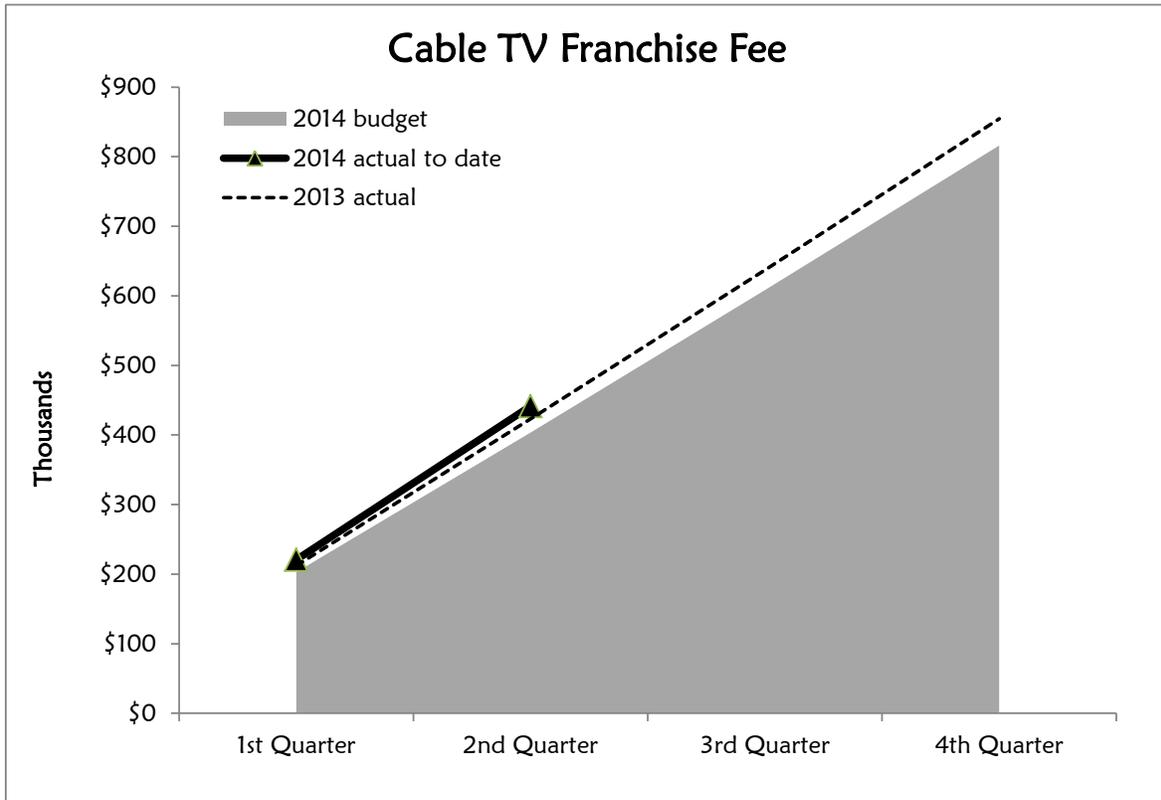
Utility Taxes consist of City interfund utility taxes (Water, Sewer, Storm and Solid Waste) and external utility taxes (Electric, Natural Gas, Telephone and Solid Waste). Utility taxes collected through the first half of 2014 totaled \$5.3 million and compare to \$5.0 million collected in the same period last year.



As shown in the table below, utility tax revenues year to date exceed budget expectations by \$117,000 or 2.2%.

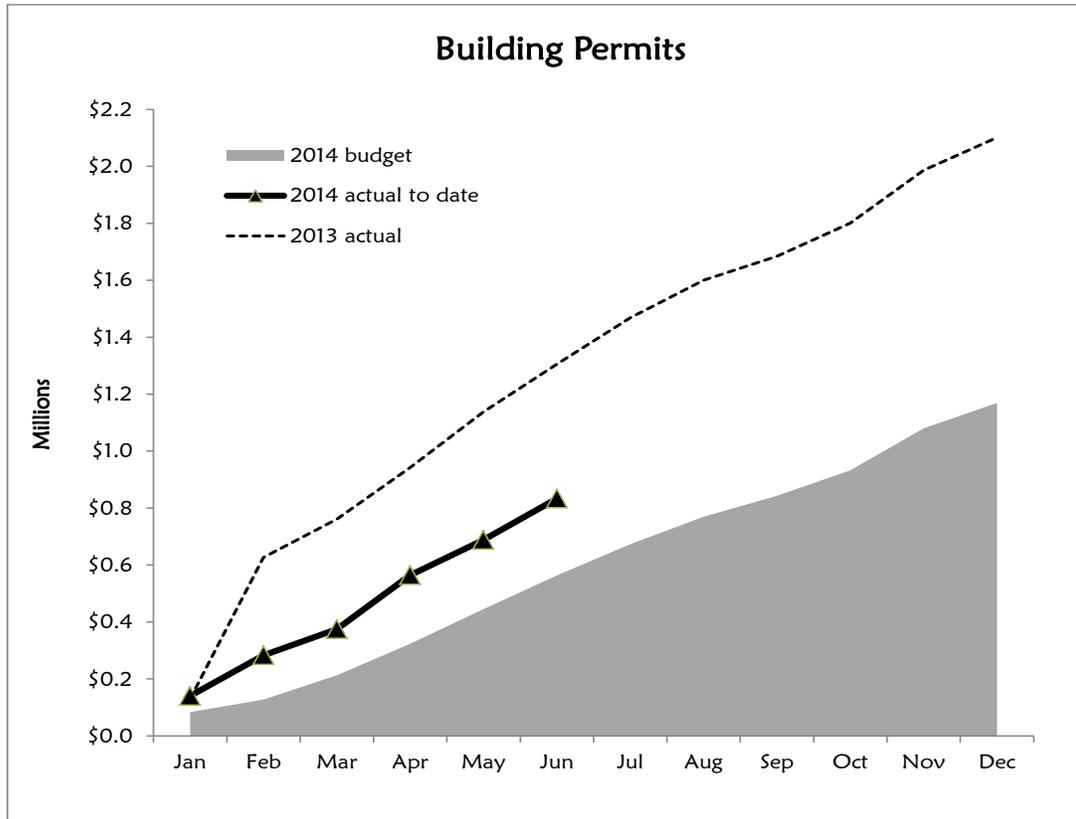
Utility Tax by Type June-2014							
Month	2013 Actual	2014 Budget	2014 Actual	2014 vs. 2013 Actual		2014 vs. Budget	
				Amount	Percentage	Amount	Percentage
City Interfund Utility Taxes	1,656,266	1,549,300	1,683,352	27,086	1.6 %	134,052	8.7 %
Electric	1,764,812	1,828,100	1,901,539	136,727	7.7 %	73,439	4.0 %
Natural Gas	686,121	809,600	786,907	100,786	14.7 %	(22,693)	(2.8) %
Telephone	868,991	988,000	916,112	47,121	5.4 %	(71,888)	(7.3) %
Solid Waste (external)	49,279	48,800	52,926	3,648	7.4 %	4,126	8.5 %
YTD Total	5,025,470	5,223,800	5,340,837	315,367	6.3 %	117,037	2.2 %

Cable TV Franchise Fees, which are collected quarterly, totaled \$442,000 and exceed budget by \$38,000 or 9.4%.



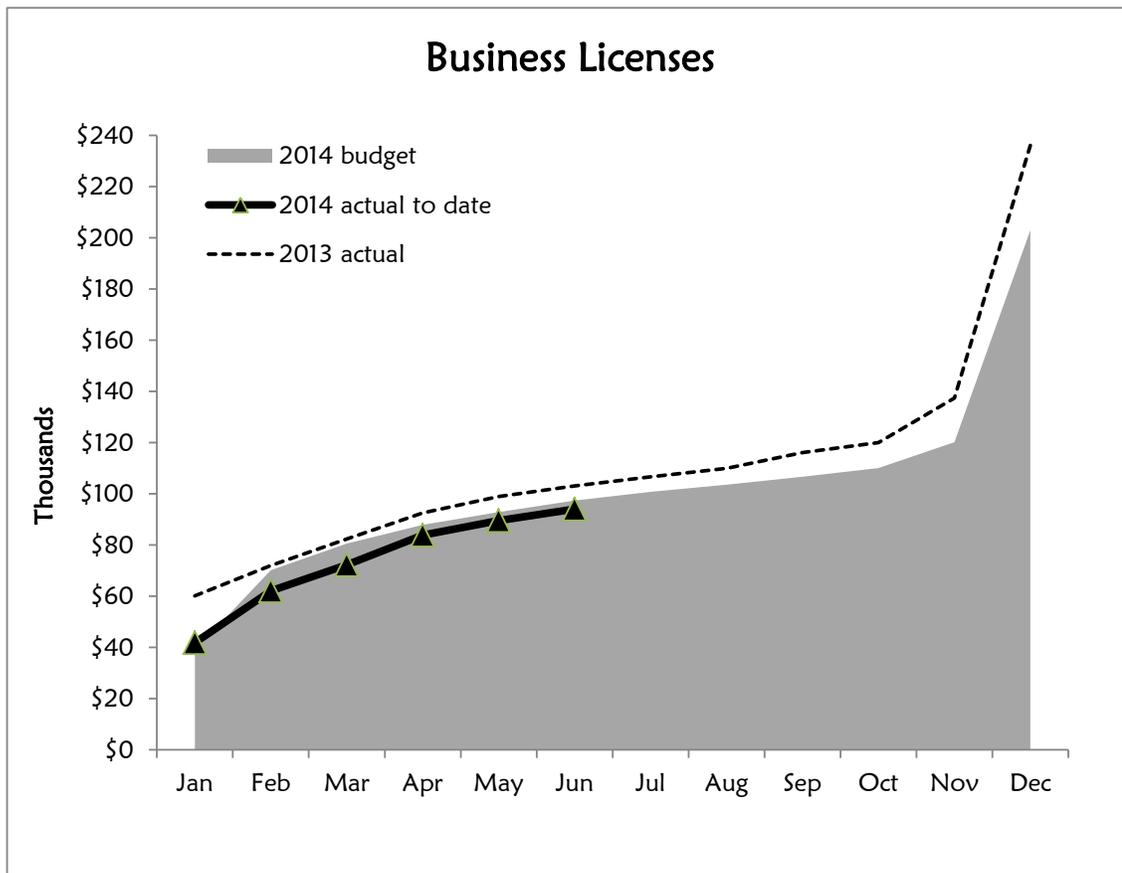
Licenses and Permits include business licenses, building permits, plumbing, electric and other licenses and permit fees. Building permit fees and business licenses make up 80% of the annual budgeted revenue in this category.

Total building permit revenues collected through June totaled \$833,000 and compare to budget of \$564,000. Building permits issued through June total 244 and compare to 302 during the same period last year. Major projects contributing to building permit revenues this quarter include building permits for projects at Boeing, building permits for the Green River Community College Trades Building, as well as numerous housing developments – most notably Lakeland Villas, Edgeview and Auburn 40 PUD.



Note: The spike seen in February 2013 (above) includes revenues for the Auburn High School Reconstruction and Modernization project.

Business License revenues collected through June totaled \$94,000, and compare to budget of \$97,000. The graphic on the following page reflects the timing of payments by business owners, where the majority of business license payments are collected during the first two months of the year and the last month of the year.



Intergovernmental includes Grants (Direct & Indirect Federal, State and Local), state shared revenues and compact revenue from the Muckleshoot Indian Tribe (MIT). Collections to date total \$2.4 million and are in line with budget expectations.

Intergovernmental June-2014							
Revenue	2013 Actual	2014 Budget	2014 Actual	2014 vs. 2013 Actual		2014 vs. Budget	
				Amount	% Change	Amount	% Change
Federal Grants	20,412	41,800	44,199	23,786	116.5 %	2,399	5.7 %
State Grants	77,756	122,200	25,319	(52,438)	(67.4) %	(96,881)	(79.3) %
Interlocal Grants	0	100	0	0	0.0 %	(100)	(100.0) %
State Shared Revenue	1,942,723	1,899,600	1,998,453	55,730	2.9 %	98,853	5.2 %
Muckleshoot Casino Emerg.	310,028	318,300	286,050	(23,978)	(7.7) %	(32,250)	(10.1) %
Intergovernmental Service	23,120	4,736	23,351	231	1.0 %	18,615	393.0 %
YTD Total	2,374,040	2,386,736	2,377,371	3,331	0.1 %	(9,365)	(0.4) %

State shared revenue includes \$988,422 in Streamlined Sales Tax Mitigation payments.

Charges for Services consists of general governmental services, public safety, development service fees and cultural & recreation fees. Overall, charges for services exceed budget by \$668,000 and prior year collections by \$862,000.

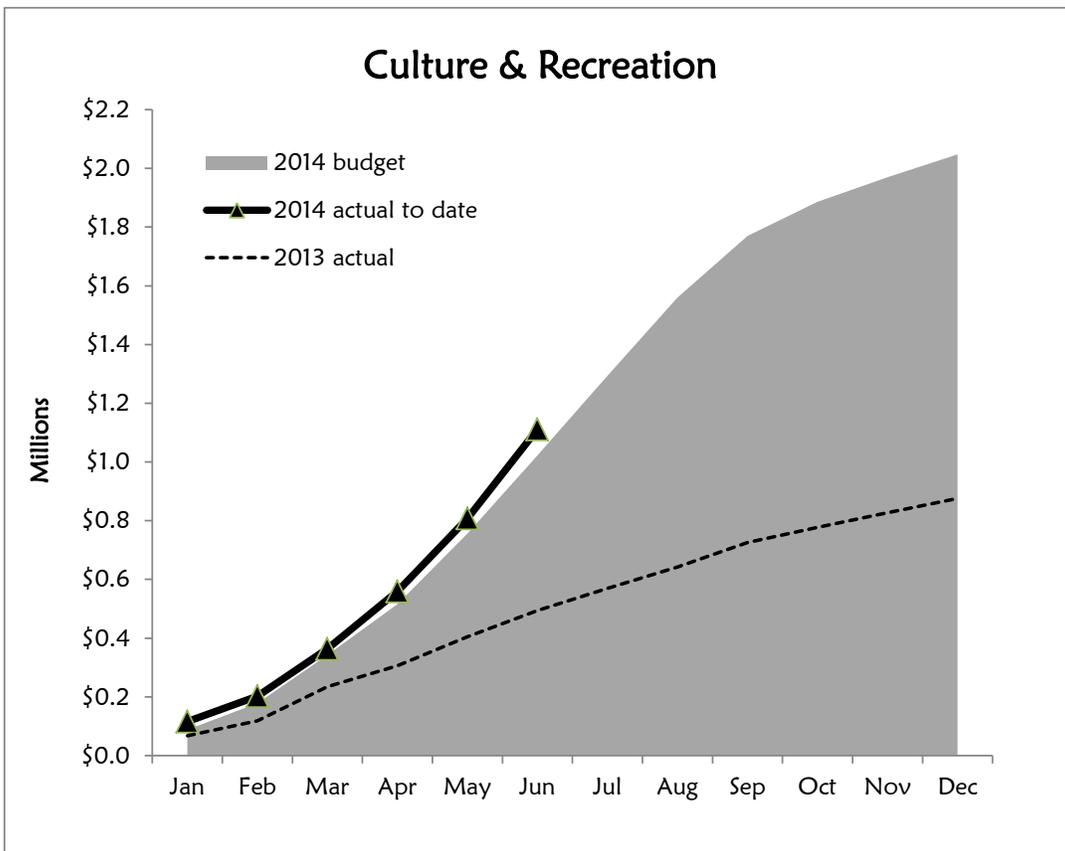
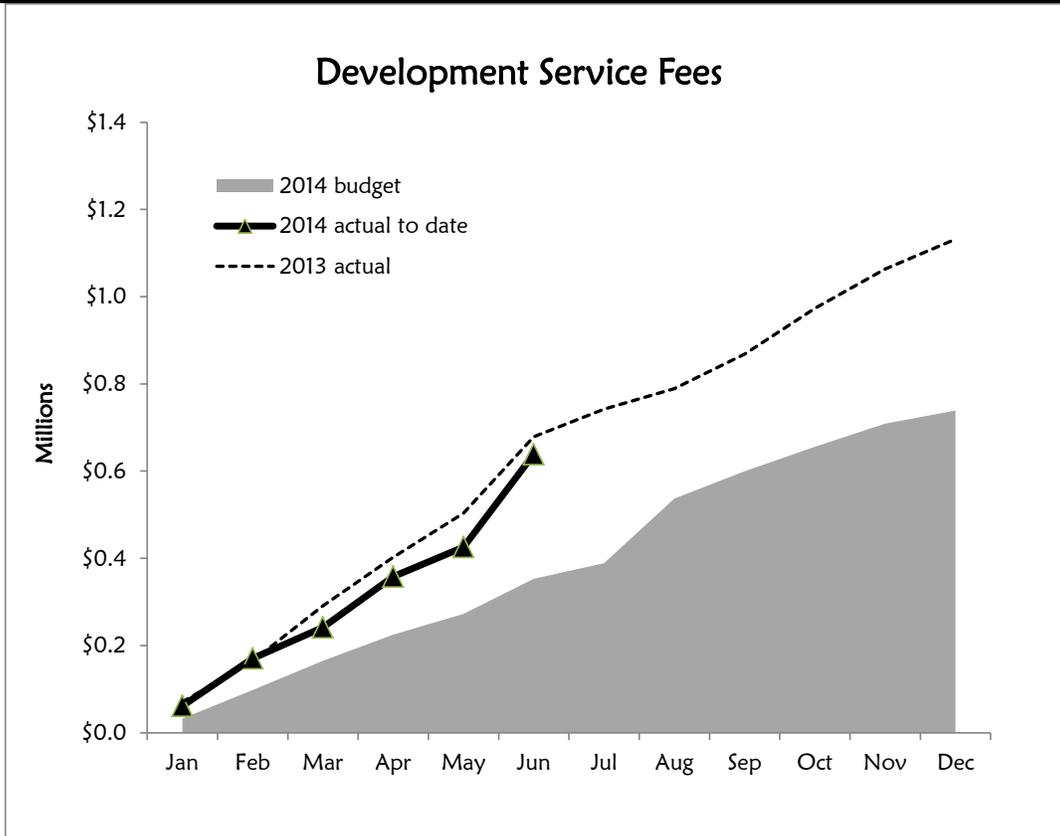
General Governmental revenues through Q2-2014 exceed year to date budget by \$12,000 – primarily due to timing of payments from local jurisdictions that contract services through the City of Auburn.

Public Safety revenues collected year to date total \$287,800 and compare to budget of \$10,300. Due to an accounting change, this revenue significantly exceeds budget. The budget for this category will be adjusted via the July 2014 Budget Amendment, which will be reflected on the Q3-2014 Financial Report. Public Safety revenues primarily consist of revenues generated for Police Officer extra duty overtime, where officers are contracted for services and reimbursement is made by the hiring contractor. Effective this quarter, the expenditures for Police Officer extra duty overtime are no longer netted against the revenues for this service.

Development service fee collections, which primarily consist of plan check fees, exceed budget by \$285,000 year to date. Total plan check fees collected in the second quarter of 2014 totaled \$305,000 and compare to \$263,000 collected in Q2 of the previous year. This quarters plan check revenues include fees related to several commercial and housing projects including a 247K square foot commercial building, various projects at Boeing, as well as a large addition to a local Senior Assisted Living Facility. Plan check revenues also include plans for several housing developments – most notably the Edgeview and Kendall Ridge housing developments.

Culture and recreation revenues exceed budget by \$88,000 or 8.6%, reflecting increased activity from recreational classes and City special events. A significant factor in the year over year increase seen in Culture and Recreation revenues is due to a change in accounting, where Golf Course revenues and expenditures are now reported within the General Fund. After taking this change into account, the change in Culture and Recreation revenues compared to the same period the prior year is an increase of \$63,000 year to date.

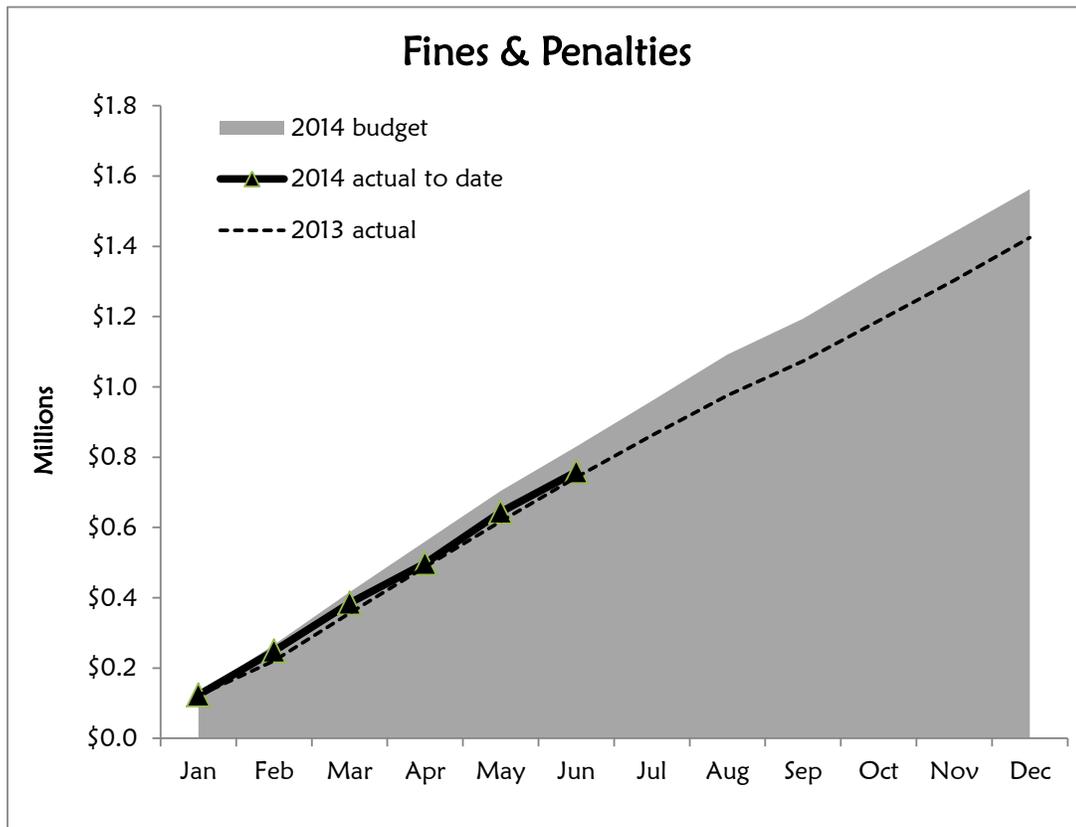
Charges for Services by Type							
June-2014							
Revenue	2013 Actual	2014 Budget	2014 Actual	2014 vs. 2013 Actual		2014 vs. Budget	
				Amount	Percentage	Amount	Percentage
General Government	51,839	47,500	64,122	12,283	23.7 %	16,622	35.0 %
Public Safety	13,615	10,300	287,781	274,166	2,013.7 %	277,481	2,694.0 %
Development Services	678,789	353,100	638,333	(40,457)	(6.0) %	285,233	80.8 %
Culture & Recreation	494,260	1,022,400	1,110,564	616,305	124.7 %	88,164	8.6 %
YTD Total	1,238,503	1,433,300	2,100,800	862,297	69.6 %	667,500	46.6 %

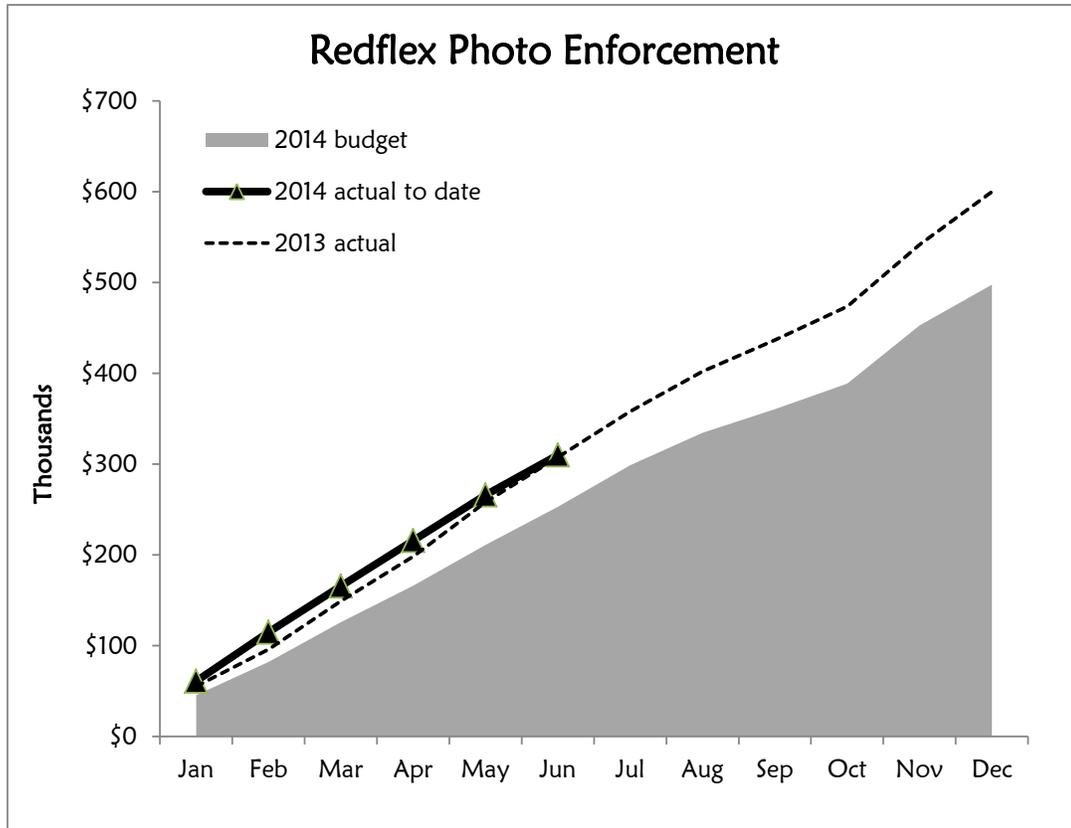


Note: The 2014 budget is considerably higher than 2013 actuals due to the accounting change effective January 1, 2014 where the Golf Course is now included in the General Fund.

Fines & Penalties include traffic and parking infraction penalties, Redflex photo enforcement violations, criminal fines (including criminal traffic, criminal non traffic and criminal costs) as well as non court fines such as false alarm and shopping cart fines. Total revenue collected to date is \$759,000 and compares to \$743,000 collected the same period last year.

Fines & Forfeits by Type June-2014							
Month	2013 Actual	2014 Budget	2014 Actual	2014 vs. 2013 Actual		2014 vs. Budget	
				Amount	Percentage	Amount	Percentage
Civil Penalties	10,805	8,100	8,469	(2,336)	(21.6) %	369	4.6 %
Civil Infraction Penalties	231,721	358,700	254,404	22,683	9.8 %	(104,296)	(29.1) %
Redflex Photo Enforcement	307,423	252,800	309,868	2,445	0.8 %	57,068	22.6 %
Parking Infractions	67,399	95,700	61,504	(5,896)	(8.7) %	(34,196)	(35.7) %
Criminal Traffic Misdemeanor	28,380	43,200	27,942	(438)	(1.5) %	(15,258)	(35.3) %
Criminal Non-Traffic Fines	31,223	49,700	22,893	(8,330)	(26.7) %	(26,807)	(53.9) %
Criminal Costs	12,795	6,000	27,585	14,790	115.6 %	21,585	359.8 %
Non-Court Fines & Penalties	53,015	16,100	46,141	(6,874)	(13.0) %	30,041	186.6 %
YE Total	742,761	830,300	758,806	16,045	2.2 %	(71,494)	(8.6) %



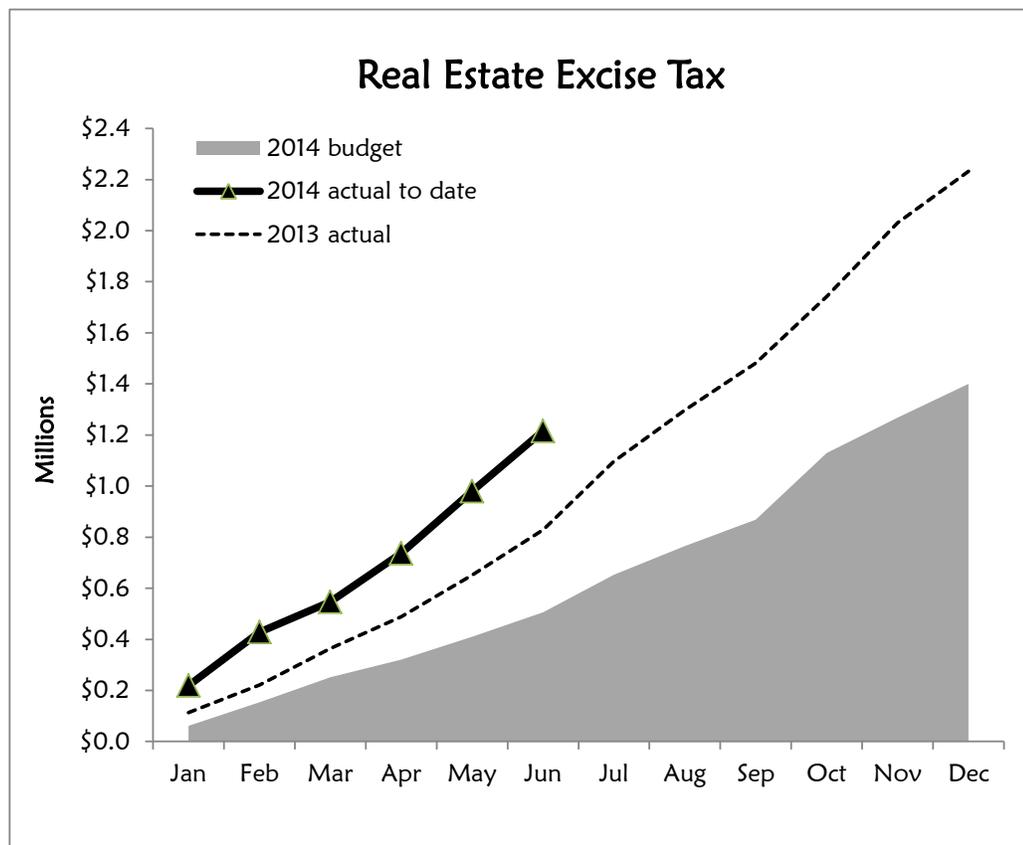


Miscellaneous revenues primarily consist of income from facility rentals; other sources within this category include investment earnings, contributions & donations and other miscellaneous income. Revenues in this category totaled \$485,000, and compare to budget of \$377,000. In comparing 2013 year to date actuals to 2014 year to date actuals, it is important to note that effective January 1, 2014 Golf Cart Rental revenues are now included in the General Fund and are collected in the Rents and Leases revenue category below.

Miscellaneous Revenues by Type							
June-2014							
Month	2013 Actual	2014 Budget	2014 Actual	2014 vs. 2013		2014 vs. Budget	
				Amount	Percentage	Amount	Percentage
Interest & Investments	23,920	21,700	18,714	(5,206)	(21.8) %	(2,986)	(13.8) %
Rents & Leases	184,868	295,400	371,808	186,940	101.1 %	76,408	25.9 %
Contributions & Donations	27,509	14,600	25,789	(1,719)	(6.3) %	11,189	76.6 %
Other Miscellaneous Revenue	33,177	45,300	68,888	35,711	107.6 %	23,588	52.1 %
YTD Total	269,474	377,000	485,200	215,726	80.1 %	108,200	28.7 %

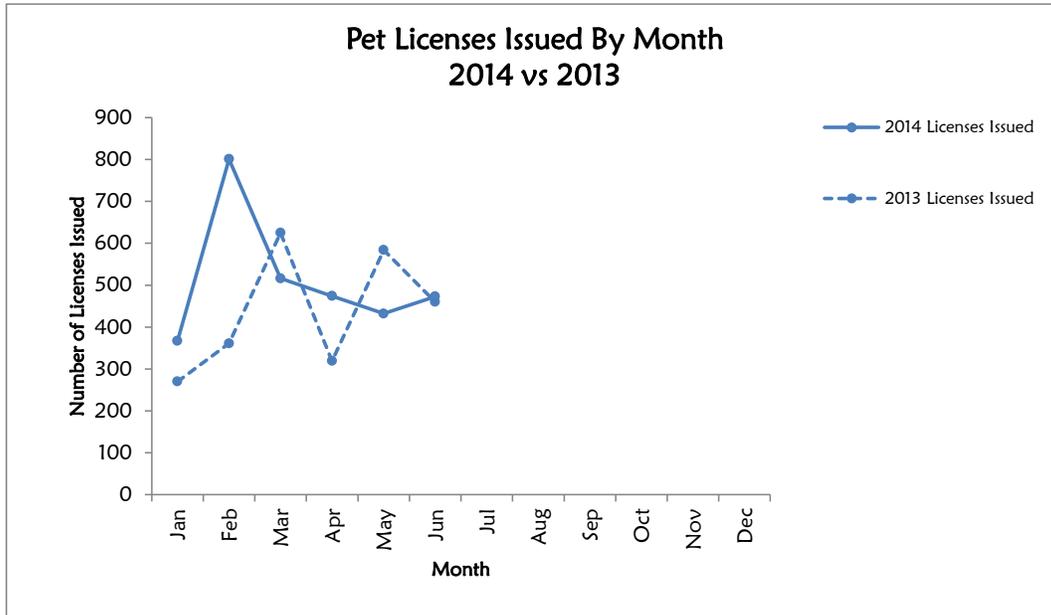
Real Estate Excise Tax (REET) revenue is receipted into the Capital Improvement Projects Fund and is used for governmental capital projects. Total revenue collected through June was \$1.1 million and exceeds budget and prior year actuals by \$610,000 and \$287,000 respectively, reflecting local and regional improvement in the real estate market.

Real Estate Excise Tax Revenues							
June-2014							
Month	2013 Actual	2014 Budget	2014 Actual	2014 vs. 2013		2014 vs. Budget	
				Amount	Percentage	Amount	Percentage
Jan	113,615	61,300	119,765	6,150	5.4 %	58,465	95.4 %
Feb	107,485	92,200	208,206	100,721	93.7 %	116,006	125.8 %
Mar	143,198	98,000	118,578	(24,620)	(17.2) %	20,578	21.0 %
Apr	124,445	69,100	189,771	65,325	52.5 %	120,671	174.6 %
May	162,750	89,400	243,472	80,721	49.6 %	154,072	172.3 %
Jun	177,380	95,800	236,067	58,688	33.1 %	140,267	146.4 %
Jul	267,976	147,100					
Aug	200,627	112,200					
Sep	183,507	103,600					
Oct	261,388	260,600					
Nov	287,776	138,600					
Dec	202,388	132,100					
YTD Total	828,873	505,800	1,115,859	286,986	34.6 %	610,059	120.6 %



Pet Licensing

Year-to-date, 3,063 pet licenses have been sold resulting in \$76,930 in revenue. For the same period in 2013, 2,619 licenses were sold resulting in \$77,295 in revenue.

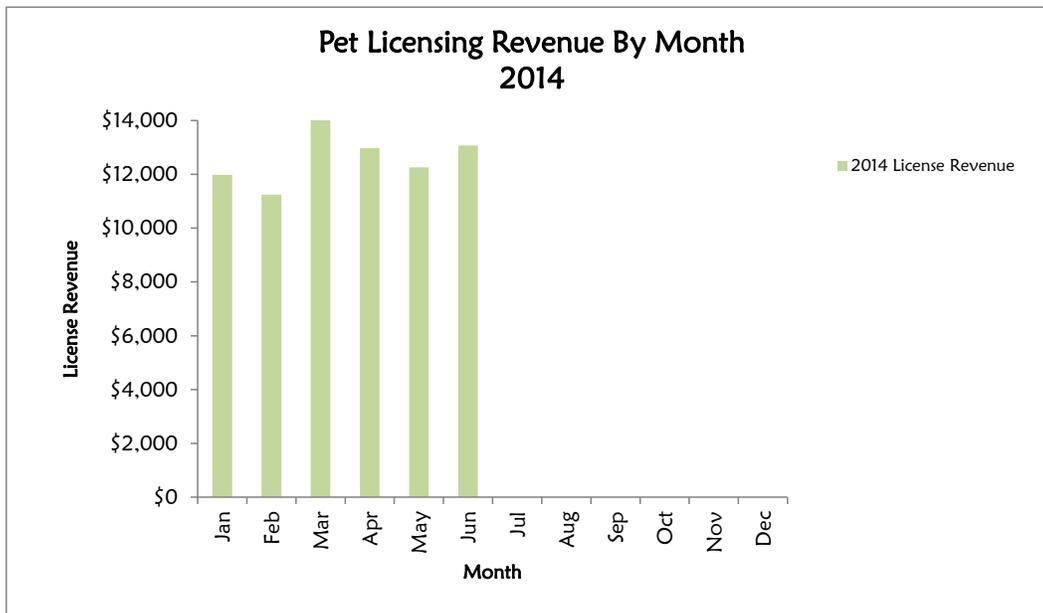


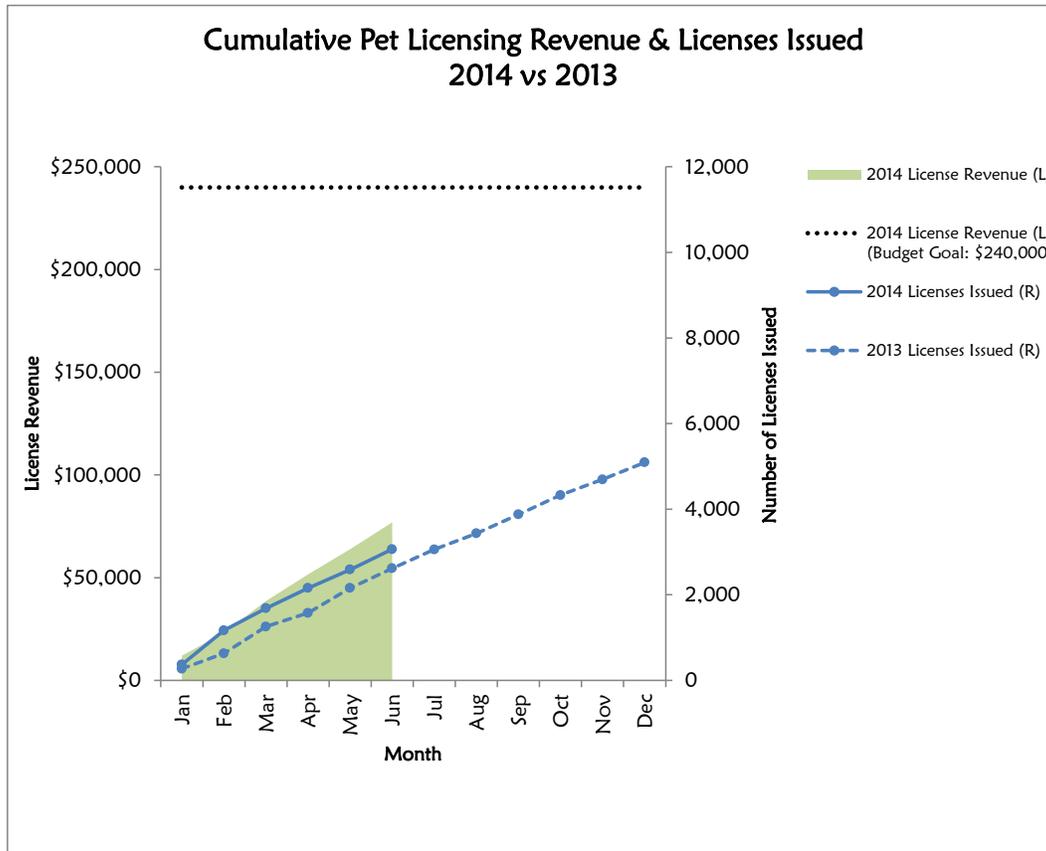
2014 Budget Goal: \$240,000 or more

Year-to-Date Revenue 2014 (through June) = \$76,930

Year-to-Date Licenses 2014 (through June) = 3,063

Year-to-Date Licenses 2013 (through June) = 2,619

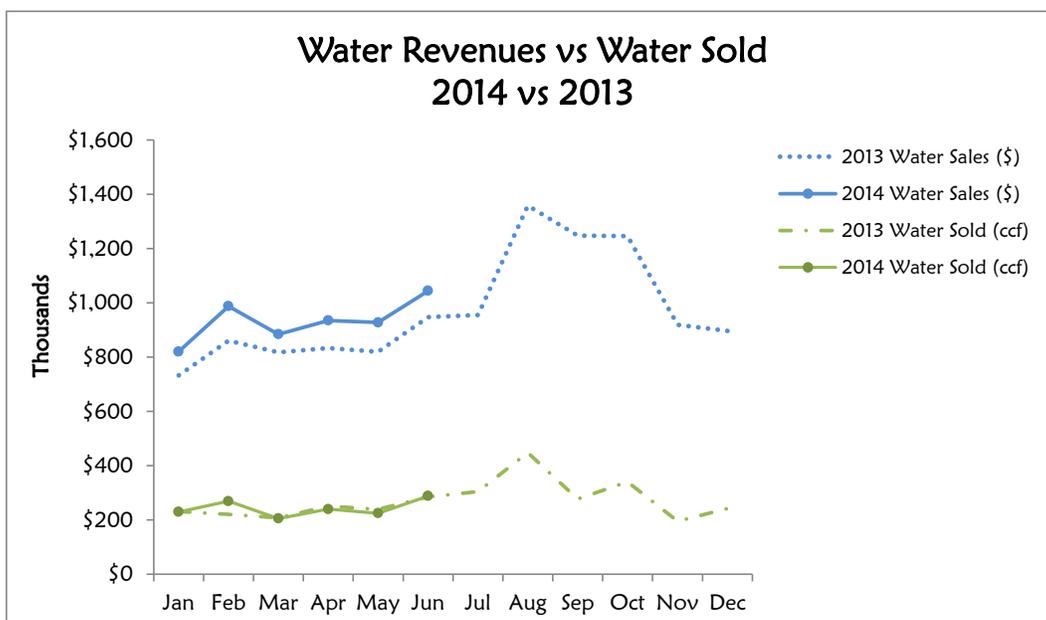




Enterprise Funds

The detailed Working Capital and Fund Balance statements for Enterprise and Internal Service funds can be found in the Appendix at the end of this report.

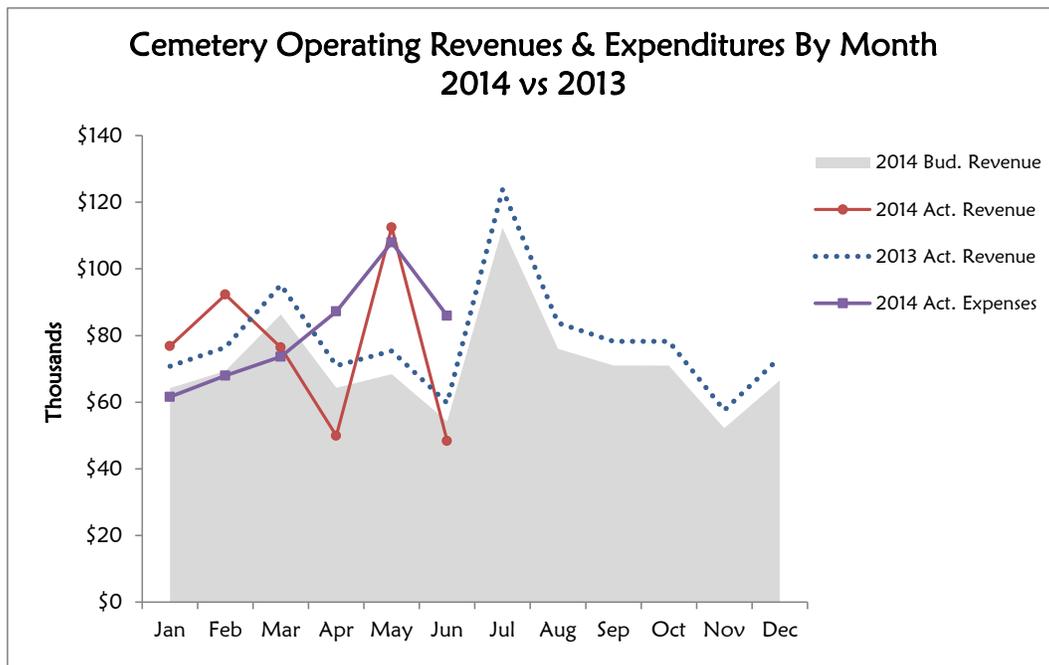
At the end of the second quarter, the **Water Utility's** net operating income increased from \$134,700 in 2013 to \$273,800 in 2014.

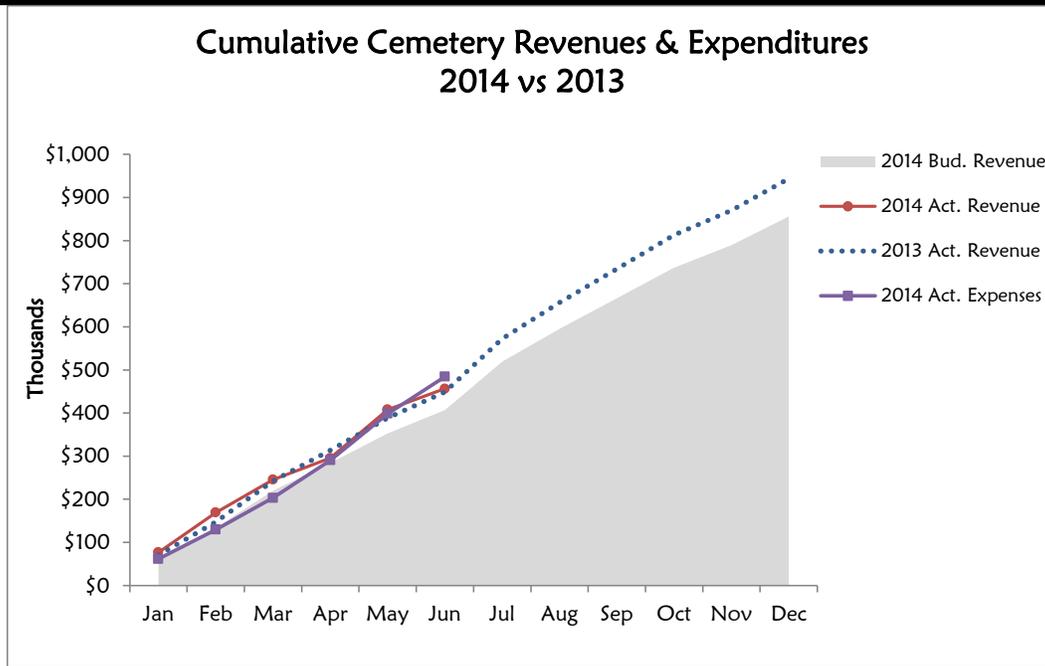


The **Sewer Utility** ended the quarter with operating income of \$81,000 compared to an operating loss of \$392,100 for the same period in 2013. The **Sewer-Metro Utility** ended the period with operating income of \$58,300 compared to an operating loss of \$52,900 for the previous year.

The **Stormwater Utility** ended the quarter with \$1,356,400 in net operating income which compared to operating income of \$630,300 for the same period last year.

The **Cemetery Fund** ended the second quarter with an operating loss of \$28,000 compared to a loss of \$3,100 for the same period last year. During the second quarter of 2014, the number of interments at the Cemetery totaled 116 (54 burials, 62 cremations) which compares to 109 (55 burials, 54 cremations) for the same period last year.





Internal Service Funds

Operating expenditures within the **Insurance** Fund represents the premium cost-pool that will be allocated monthly to other City funds over the course of 2014. As a result, this balance will gradually diminish each month throughout the year.

No significant variances are reported in the **Worker’s Compensation, Facilities, Innovation & Technology, or Equipment Rental** Funds. All funds have sufficient revenues to cover year-to-date expenditures.

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 Shelley Coleman at scolem@auburnwa.gov.

**City of Auburn
Investment Portfolio Summary
June 30, 2014**

Investment Type	Purchase Date	Purchase Price	Maturity Date	Yield to Maturity
State Investment Pool	Various	\$ 106,443,270	Various	0.09%
KeyBank Money Market	Various	7,603,412	Various	0.00%
US Treasury	05/04/1990	57,750	05/15/2016	5.72%
FFCB	4/11/2013	3,000,000	4/11/2016	0.43%
FHLB	2/19/2014	2,047,200	11/19/2018	1.98%
LAKUTL	9/25/2013	235,919	11/1/2017	1.90%
Total Cash & Investments		<u>\$ 119,387,551</u>		<u>0.129%</u>

Investment Mix	% of Total	Summary	
State Investment Pool	89.2%	Current 6-month treasury rate	0.06%
KeyBank Money Market	6.4%	Current State Pool rate	0.09%
US Treasury	0.0%	KeyBank Money Market	0.00%
FFCB	2.5%	Blended Auburn rate	0.13%
FHLMC	1.7%		
LAKUTL	0.2%		
	<u>100.0%</u>		

SALES TAX SUMMARY
JUNE 2014 SALES TAX DISTRIBUTIONS (FOR APRIL 2014 RETAIL ACTIVITY)

NAICS	CONSTRUCTION	2013 Annual Total (Nov '12-Oct '13)	2013 YTD (Nov '12 - Apr'13)	2014 YTD (Nov '13 - Apr '14)	YTD % Diff
236	Construction of Buildings	949,102	367,520	427,371	16.3%
237	Heavy and Civil Construction	166,874	42,910	77,101	79.7%
238	Specialty Trade Contractors	826,744	378,778	354,375	-6.4%
TOTAL CONSTRUCTION		1,942,720	789,208	858,847	8.8%
<i>Overall Change from Previous Year</i> 69,639					

NAICS	AUTOMOTIVE	2013 Annual Total (Nov '12-Oct '13)	2013 YTD (Nov '12 - Apr'13)	2014 YTD (Nov '13 - Apr '14)	YTD % Diff
441	Motor Vehicle and Parts Dealer	2,899,545	1,363,804	1,422,563	d 4.3%
447	Gasoline Stations	236,015	116,521	124,420	6.8%
TOTAL AUTOMOTIVE		3,135,559	1,480,325	1,546,982	4.5%
<i>Overall Change from Previous Year</i> 66,657					

NAICS	MANUFACTURING	2013 Annual Total (Nov '12-Oct '13)	2013 YTD (Nov '12 - Apr'13)	2014 YTD (Nov '13 - Apr '14)	YTD % Diff
311	Food Manufacturing	1,836	804	1,890	134.9%
312	Beverage and Tobacco Products	7,670	3,959	4,216	6.5%
313	Textile Mills	272	140	163	16.4%
314	Textile Product Mills	3,435	1,420	1,411	-0.6%
315	Apparel Manufacturing	280	206	185	-10.0%
316	Leather and Allied Products	11	5	4	-24.9%
321	Wood Product Manufacturing	72,780	40,325	38,502	-4.5%
322	Paper Manufacturing	3,442	1,581	2,478	56.7%
323	Printing and Related Support	26,277	12,086	17,200	42.3%
324	Petroleum and Coal Products	9,762	5,202	5,136	-1.3%
325	Chemical Manufacturing	8,995	4,018	2,614	-34.9%
326	Plastics and Rubber Products	9,566	4,210	5,335	26.7%
327	Nonmetallic Mineral Products	20,455	8,587	9,771	13.8%
331	Primary Metal Manufacturing	717	394	1,339	239.7%
332	Fabricated Metal Product Manuf	13,135 b	24,295	15,287	-37.1%
333	Machinery Manufacturing	25,232	5,927	11,199	88.9%
334	Computer and Electronic Produc	13,545	5,335	10,873	103.8%
335	Electric Equipment, Appliances	1,251	261	562	115.1%
336	Transportation Equipment Man	350,172	167,387	415,649	148.3%
337	Furniture and Related Products	24,852	14,750	11,535	-21.8%
339	Miscellaneous Manufacturing	30,699	13,706	20,876	52.3%
TOTAL MANUFACTURING		624,385	314,598	576,227	83.2%
<i>Overall Change from Previous Year</i> 261,629					

NAICS	RETAIL TRADE	2013 Annual Total (Nov '12-Oct '13)	2013 YTD (Nov '12 - Apr'13)	2014 YTD (Nov '13 - Apr '14)	YTD % Diff
442	Furniture and Home Furnishings	235,036	114,518	122,466	6.9%
443	Electronics and Appliances	173,552	86,277	151,747	75.9%
444	Building Material and Garden	446,976	203,190	218,815	7.7%
445	Food and Beverage Stores	335,409	155,990	165,897	6.4%
446	Health and Personal Care Store	173,874	92,570	95,263	2.9%
448	Clothing and Accessories	889,410	443,425	504,835	13.8%
451	Sporting Goods, Hobby, Books	125,040	64,628	118,600	83.5%
452	General Merchandise Stores	974,130	497,474	476,544	c -4.2%
453	Miscellaneous Store Retailers	548,688	267,093	282,461	5.8%
454	Nonstore Retailers	316,455	160,031	179,055	11.9%
TOTAL RETAIL TRADE		4,218,570	2,085,198	2,315,684	11.1%
<i>Overall Change from Previous Year</i> 230,486					

NAICS	TRANSPORTATION AND WAREHOUSING	2013 Annual Total (Nov '12-Oct '13)	2013 YTD (Nov '12 - Apr'13)	2014 YTD (Nov '13 - Apr '14)	YTD % Diff
481	Air Transportation	0	0	0	N/A
482	Rail Transportation	9,552	7,614	2,215	-70.9%
484	Truck Transportation	-3,489 a	-7,057 a	1,751	-124.8%
485	Transit and Ground Passengers	93	88	0	-100.0%
488	Transportation Support	27,757	11,310	12,818	13.3%
491	Postal Service	863	439	483	9.8%
492	Couriers and Messengers	1,272	724	422	-41.7%
493	Warehousing and Storage	9,648	5,073	1,961	-61.3%
TOTAL TRANSPORTATION		45,696	18,193	19,651	8.0%
<i>Overall Change from Previous Year</i> 1,458					

NAICS	SERVICES	2013 Annual Total (Nov '12-Oct '13)	2013 YTD (Nov '12 - Apr'13)	2014 YTD (Nov '13 - Apr '14)	YTD % Diff
51*	Information	445,827	215,602	247,912	15.0%
52*	Finance and Insurance	91,439	48,789	42,233	-13.4%
53*	Real Estate, Rental, Leasing	278,919	135,644	153,382	13.1%
541	Professional, Scientific, Tech	183,904	84,255	98,685	17.1%
551	Company Management	76	64	26	-59.6%
56*	Admin. Supp., Remed Svcs	336,269	169,501	191,835	13.2%
611	Educational Services	50,183	24,547	21,939	-10.6%
62*	Health Care Social Assistance	32,608	24,460	15,668	-35.9%
71*	Arts and Entertainment	148,530	89,121	99,398	11.5%
72*	Accommodation and Food Svcs	979,254	464,094	500,085	7.8%
81*	Other Services	394,645	189,610	203,891	7.5%
92*	Public Administration	112,629	43,638	45,019	3.2%
TOTAL SERVICES		3,054,283	1,489,325	1,620,072	8.8%
<i>Overall Change from Previous Year</i> 130,747					

NAICS	WHOLESALE TRADE	2013 Annual Total (Nov '12-Oct '13)	2013 YTD (Nov '12 - Apr'13)	2014 YTD (Nov '13 - Apr '14)	YTD % Diff
423	Wholesale Trade, Durable Goods	1,111,249	541,051	499,126	-7.7%
424	Wholesale Trade, Nondurable	163,774	78,942	82,581	4.6%
425	Wholesale Electronic Markets	4,384	2,232	1,483	-33.6%
TOTAL WHOLESALE		1,279,407	622,225	583,189	-6.3%
<i>Overall Change from Previous Year</i> -39,036					

NAICS	MISCELLANEOUS	2013 Annual Total (Nov '12-Oct '13)	2013 YTD (Nov '12 - Apr'13)	2014 YTD (Nov '13 - Apr '14)	YTD % Diff
000	Unknown	0	0	0	N/A
111-115	Agriculture, Forestry, Fishing	4,385	2,099	2,230	6.2%
211-221	Mining & Utilities	22,645	8,534	9,734	14.1%
999	Unclassifiable Establishments	36,549	25,564	63,579	148.7%
TOTAL SERVICES		63,580	36,197	75,543	108.7%
<i>Overall Change from Previous Year</i> 39,346					

NAICS	GRAND TOTAL	2013 Annual Total (Nov '12-Oct '13)	2013 YTD (Nov '12 - Apr'13)	2014 YTD (Nov '13 - Apr '14)	YTD % Diff
GRAND TOTAL		14,364,200	6,835,269	7,596,196	11.1%
<i>Overall Change from Previous Year</i> 760,927					

- a. WA State Dept of Revenue audit adjustment to sales tax returns for period Jan 2013 (adjustment: -\$11,382).
- b. WA State Dept of Revenue audit adjustment to sales tax returns for period May 2013 (adjustment - \$30,493).
- c. WA State Dept of Revenue audit adjustment to sales tax returns for period March 2014 (adjustment: -\$45,145).
- d. WA State Dept of Revenue audit adjustment to sales tax returns for period April 2014 (adjustment: \$10,242).

The following table presents the Working Capital Statement for each of the City's Enterprise and Internal Service funds. Working Capital is generally defined as the difference between current assets and current liabilities.

WORKING CAPITAL	ENTERPRISE FUNDS							INTERNAL SERVICE FUNDS				
	WATER	SEWER	SEWER METRO	STORM	SOLID WASTE	AIRPORT	CEMETERY	INSURANCE	WORKER'S COMPENSATION	FACILITIES	INNOVATION & TECHNOLOGY	EQUIPMENT RENTAL
OPERATING REVENUES												
Charges For Service	5,599,999	3,758,345	-	5,052,242	6,618,192	8,180	456,319	-	425,959	-	-	-
Interfund Charges For Service	-	-	-	-	-	-	-	-	-	1,694,930	2,372,598	1,438,609
Sewer Metro Service Revenue	-	-	7,505,070	-	-	-	-	-	-	-	-	-
Rents, Leases, Concessions, & Other	-	-	-	-	-	314,611	-	-	-	65,876	56,820	-
TOTAL OPERATING REVENUES	5,599,999	3,758,345	7,505,070	5,052,242	6,618,192	322,791	456,319	-	425,959	1,760,806	2,429,418	1,438,609
OPERATING EXPENSES												
Salaries & Wages	1,227,441	793,232	-	1,096,748	207,027	10,935	203,920	-	46,226	264,677	731,793	278,819
Benefits	531,661	336,969	-	472,846	96,944	3,592	95,269	-	36,051	132,374	300,441	123,866
Supplies	121,509	25,981	-	42,176	8,921	112	76,557	-	-	80,868	136,191	377,473
Other Service Charges	1,684,519	1,082,291	-	673,782	552,873	215,352	34,348	559,142	112,243	793,513	1,022,664	190,055
Intergovernmental Services	-	1,808	-	10,259	103,674	-	-	-	-	-	-	-
Waste Management Payments	-	-	-	-	4,191,646	-	-	-	-	-	-	-
Sewer Metro Services	-	-	7,446,727	-	-	-	-	-	-	-	-	-
Interfund Operating Rentals & Supplies	551,947	482,816	-	633,311	89,850	-	47,198	-	-	59,256	144,198	123,567
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation & Amortization	1,209,153	954,247	-	766,709	9,410	200,842	27,006	-	-	-	261,281	371,143
TOTAL OPERATING EXPENSES	5,326,231	3,677,344	7,446,727	3,695,830	5,260,343	430,834	484,299	559,142	194,519	1,330,688	2,596,568	1,464,923
OPERATING INCOME (LOSS)	273,768	81,001	58,343	1,356,412	1,357,849	(108,043)	(27,980)	(559,142)	231,440	430,118	(167,150)	(26,314)
NON-OPERATING REVENUES & EXPENSES												
Interest Revenue	7,732	6,479	414	9,614	669	461	153	517	60	1,008	1,708	2,840
Contributions	-	-	-	12,073	18,238	-	25	-	-	1,712	-	799
Other Non-Operating Revenue	116,646	51,189	-	78,676	240	(2,266)	1,654	-	-	-	-	2,014
Gain (Loss) On Sale Of Fixed Assets	-	-	-	584,091	-	-	-	-	-	-	-	-
Debt Service Interest	(49,516)	(17,659)	-	-	-	(20,838)	(11,134)	-	-	-	-	-
Other Non-Operating Expense	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NON-OPERATING REVENUES & EXPENSES	74,861	40,009	414	684,454	19,147	(22,643)	(9,302)	517	60	2,720	1,708	5,653
PLUS ITEMS NOT EFFECTING WORKING CAPITAL												
Depreciation	1,209,153	954,247	-	766,709	9,410	200,842	27,006	-	-	-	261,281	371,143
NET WORKING CAPITAL FROM OPERATIONS	1,557,783	1,075,258	58,757	2,807,575	1,386,406	70,156	(10,276)	(558,625)	231,500	432,839	95,838	350,482
Increase In Contributions - System Development	329,091	135,716	-	311,137	-	-	-	-	-	-	-	-
Increase In Contributions - Area Assessments	-	3,282	-	-	-	-	-	-	-	-	-	-
Increase In Contributions - Other Governments	42,200	162,203	-	-	-	-	-	-	-	-	-	-
Increase In Contributions - Other Funds	-	-	-	-	-	-	-	-	-	-	-	-
Increase In Contributions - FAA	-	-	-	-	-	44,610	-	-	-	-	-	-
Proceeds of Debt Activity	67,438	-	-	-	-	-	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-	-	-	-	-	119,023	-
Increase In Restricted Net Assets	5,661	24,580	-	-	-	(1,564)	-	-	-	-	-	-
Decrease In Long-Term Receivables	-	90,000	-	-	-	-	-	-	-	-	-	-
Increase In Deferred Credits	-	-	-	-	-	18,731	-	-	-	-	-	-
TOTAL RESOURCES OTHER THAN OPERATIONS	444,390	415,781	-	311,137	-	61,778	-	-	-	-	119,023	-
Net Change In Restricted Net Assets	473,552	302,162	-	793,568	-	(1,564)	-	-	-	2,200	-	-
Increase In Fixed Assets - Salaries	69,821	55,862	-	122,758	-	-	-	-	-	-	-	-
Increase In Fixed Assets - Benefits	26,226	22,307	-	48,424	-	-	-	-	-	-	-	-
Increase In Fixed Assets - Site Improvements	16,520	-	-	-	-	-	-	-	-	-	-	-
Increase In Fixed Assets - Equipment	-	-	-	51,405	-	-	-	-	-	-	347,135	270,624
Increase In Fixed Assets - Construction	603,365	496,753	-	856,614	-	153,072	-	-	-	-	-	-
Operating Transfers Out	67,003	67,003	-	141,003	-	-	-	-	-	295,379	-	7,000
Debt Service Principal	519,405	288,262	-	-	-	-	-	-	-	-	-	-
TOTAL USES OTHER THAN OPERATIONS	1,775,892	1,232,350	-	2,013,771	-	151,509	-	-	-	297,579	347,135	277,624
NET CHANGE IN WORKING CAPITAL	226,281	258,688	58,757	1,104,941	1,386,406	(19,575)	(10,276)	(558,625)	231,500	135,259	(132,274)	72,858
BEGINNING WORKING CAPITAL - January 1, 2014	14,189,404	12,952,797	1,826,811	15,762,939	1,504,560	801,284	261,934	1,815,731	-	1,976,512	3,406,012	5,920,444
ENDING WORKING CAPITAL - June 30, 2014	14,415,686	13,211,486	1,885,567	16,867,880	2,890,966	781,709	251,658	1,257,106	231,500	2,111,772	3,273,739	5,993,302
NET CHANGE IN WORKING CAPITAL	226,281	258,688	58,757	1,104,941	1,386,406	(19,575)	(10,276)	(558,625)	231,500	135,259	(132,274)	72,858

The following table provides an analysis of each of the City's Enterprise and Internal Service funds - showing 2014 revenues and expenditures by fund.

FUND BALANCE	ENTERPRISE FUNDS							INTERNAL SERVICE FUNDS				
	WATER	SEWER	SEWER METRO	STORM	SOLID WASTE	AIRPORT	CEMETERY	INSURANCE	WORKER'S COMPENSATION	FACILITIES	INNOVATION & TECHNOLOGY	EQUIPMENT RENTAL
OPERATING REVENUES												
Charges For Service	5,599,999	3,758,345	-	5,052,242	6,618,192	8,180	456,319	-	425,959	-	-	-
Interfund Charges For Service	-	-	-	-	-	-	-	-	-	1,694,930	2,372,598	1,438,609
Sewer Metro Service Revenue	-	-	7,505,070	-	-	-	-	-	-	-	-	-
Rents, Leases, Concessions, & Other	-	-	-	-	-	314,611	-	-	-	65,876	56,820	-
TOTAL OPERATING REVENUES	5,599,999	3,758,345	7,505,070	5,052,242	6,618,192	322,791	456,319	-	425,959	1,760,806	2,429,418	1,438,609
OPERATING EXPENSES												
Administration	1,535,072	1,094,506	-	1,459,329	364,381	228,217	132,911	559,142	-	-	-	452,289
Operations & Maintenance	2,582,005	1,628,590	-	1,469,792	694,907	1,775	324,382	-	194,519	1,330,688	2,335,287	641,491
Waste Management Payments	-	-	-	-	4,191,646	-	-	-	-	-	-	-
Sewer Metro Services	-	-	7,446,727	-	-	-	-	-	-	-	-	-
Depreciation & Amortization	1,209,153	954,247	-	766,709	9,410	200,842	27,006	-	-	-	261,281	371,143
TOTAL OPERATING EXPENSES	5,326,231	3,677,344	7,446,727	3,695,830	5,260,343	430,834	484,299	559,142	194,519	1,330,688	2,596,568	1,464,923
OPERATING INCOME (LOSS)	273,768	81,001	58,343	1,356,412	1,357,849	(108,043)	(27,980)	(559,142)	231,440	430,118	(167,150)	(26,314)
NON-OPERATING REVENUES & EXPENSES												
Interest Revenue	7,732	6,479	414	9,614	669	461	153	517	60	1,008	1,708	2,840
Other Non-Operating Revenue	116,646	51,189	-	90,749	18,478	(2,266)	1,679	-	-	1,712	-	2,813
Gain (Loss) On Sale Of Fixed Assets	-	-	-	584,091	-	-	-	-	-	-	-	-
Other Non-Operating Expense	(49,516)	(17,659)	-	-	-	(20,838)	(11,134)	-	-	-	-	-
TOTAL NON-OPERATING REVENUES & EXPENSES	74,861	40,009	414	684,454	19,147	(22,643)	(9,302)	517	60	2,720	1,708	5,653
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	348,630	121,010	58,757	2,040,866	1,376,996	(130,685)	(37,282)	(558,625)	231,500	432,839	(165,442)	(20,661)
Contributions	371,291	301,201	-	311,137	-	44,610	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-	-	-	119,023	-
Transfers Out	(67,003)	(67,003)	-	(141,003)	-	-	-	-	-	(295,379)	-	(7,000)
TOTAL CONTRIBUTIONS & TRANSFERS	304,288	234,197	-	170,133	-	44,610	-	-	-	(295,379)	119,023	(7,000)
CHANGE IN FUND BALANCE	652,917	355,208	58,757	2,211,000	1,376,996	(86,075)	(37,282)	(558,625)	231,500	137,459	(46,419)	(27,661)
BEGINNING FUND BALANCE - January 1, 2014	68,655,974	75,821,385	1,826,811	51,686,935	1,598,247	9,318,866	888,882	1,815,731	-	1,938,141	4,604,445	10,714,407
ENDING FUND BALANCE - June 30, 2014	69,308,891	76,176,593	1,885,568	53,897,935	2,975,243	9,232,791	851,600	1,257,106	231,500	2,075,600	4,558,026	10,686,746