**City Council**
**Study Session**
**Community Wellness SFA**
**April 27, 2026 - 5:30 PM**
**City Hall Council Chambers**

**AGENDA**

## CALL TO ORDER

## PUBLIC PARTICIPATION

A. The Auburn City Council Study Session Meeting scheduled for Monday, April 27, 2026, at 5:30 p.m. will be held in person and virtually.
Virtual Participation Link:
To view the meeting virtually please click the below link, or call into the meeting at the phone number listed below. The link to the Virtual Meeting is:
https://www.youtube.com/user/watchauburn/live/?nomobile=1

To listen to the meeting by phone or Zoom, please call the number below or click the link:
Telephone: 253 215 8782
Toll Free: 877 853 5257
Zoom: https://us06web.zoom.us/j/89908747359

## ROLL CALL

## AGENDA MODIFICATIONS

## ANNOUNCEMENTS, REPORTS, AND PRESENTATIONS

## COMMUNITY WELLNESS DISCUSSION ITEMS

A. Auburn Senior Activity Center Resource Navigation Program (Krueger) (20 Minutes)

B. Public Art for Centennial Viewpoint Park (Krueger) (20 Minutes)

## AGENDA ITEMS FOR COUNCIL DISCUSSION

A. Ordinance No. 7022 (Thomas) (5 Minutes)
An Ordinance relating to housekeeping amendments for recently adopted tax ordinances, and amending Section 3.53.020 and Chapter 3.62 of the Auburn City Code

B. 4th Quarter 2025 Financial Report (Thomas) (30 Minutes)

## COUNCIL REPORTS

## ADJOURNMENT

Agendas and minutes are available to the public at the City Clerk's Office and on the City website (http://www.auburnwa.gov).

AGENDA BILL APPROVAL FORM

**Agenda Subject:**
Auburn Senior Activity Center Resource Navigation Program (Krueger) (20 Minutes)

**Meeting Date:**
April 27, 2026

**Department:**
Parks, Arts & Recreation

**Attachments:**
Presentation

**Budget Impact:**

**Administrative Recommendation:**
For discussion only.

**Background for Motion:**

**Background Summary:**
The Auburn Senior Resource Navigation Program connects seniors and veterans to essential community resources that support stability, independence, and well-being. Through individualized, client-centered support, Resource Navigators help participants access services such as basic needs, healthcare, housing, and social supports. The program is funded by the King County Veterans, Seniors, and Human Services Levy.

**Councilmember:** Clinton Taylor

**Staff:** Julie Krueger

# Auburn Senior Resources

King County Veterans, Seniors & Human Services Levy

King County

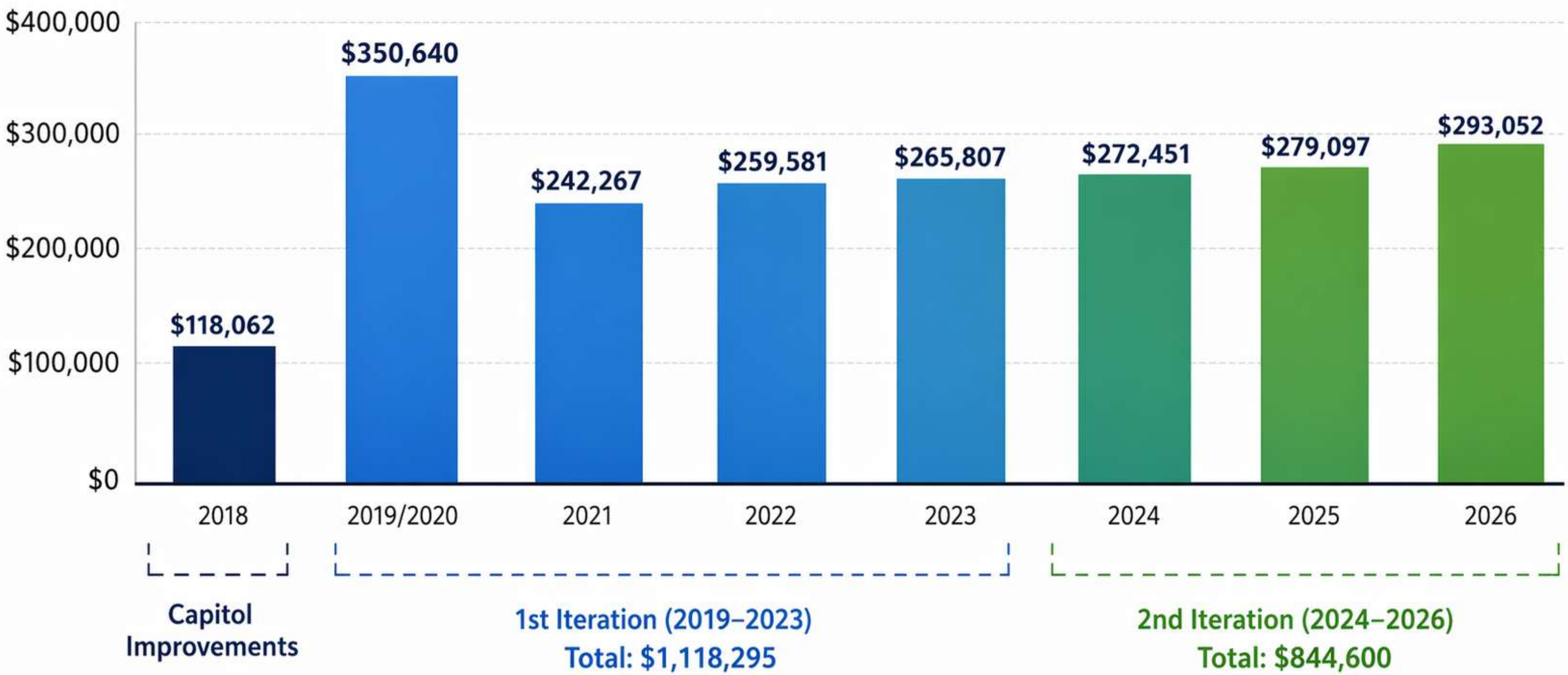
# VSHSL Veterans, Seniors, & Human Services Levy

- Established in 2005, with ongoing voter support
  - Expanded in 2017 to include services for seniors and their families
  - **Renewed in August 2023 with 71% voter approval** (highest in levy history)
- Six-year tax levy investing in three priority populations:
  - Veterans, service members, and their families
  - Seniors and their caregivers
  - Resilient communities
- Levy funding supports affordable housing, employment services, behavioral health treatment, and other essential services for veterans, seniors, and families across King County

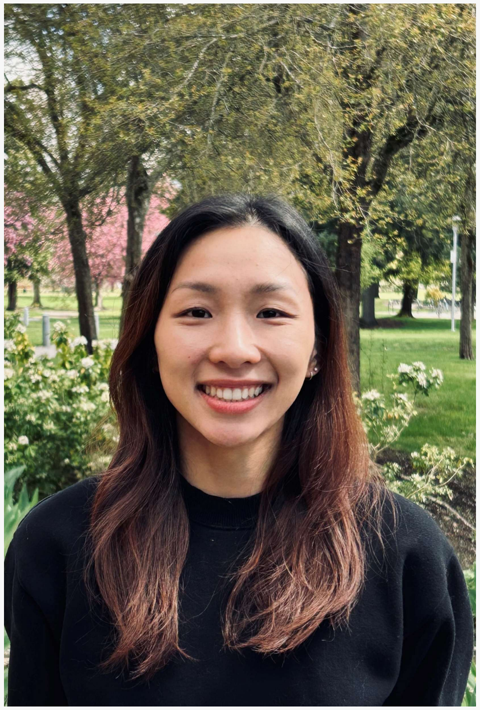
King County

# VSHSL Veterans, Seniors, & Human Services Levy

- In 2024, the first year of the renewed levy 2024–2029, VSHSL delivered services to over **63,400 people** throughout King County.
  - 7,692 Veterans, military servicemembers, their respective families served
  - 43,800 Seniors and their caregivers served
  - 41 senior centers funded
- 208 Contracted community partners




| Capitol Improvements (2018) | 1st Iteration Total (2019–2023) | 2nd Iteration Total (2024–2026) | Grand Total (2018–2026) |
|---|---|---|---|
| $118,062 | $1,118,295 | $844,600 | $2,080,957 |



**Min Feng**

Resource Navigation
Program Coordinator

**Lindsey Pritchard**

Resource Navigation
Program Assistant

**Taylor Prescott**

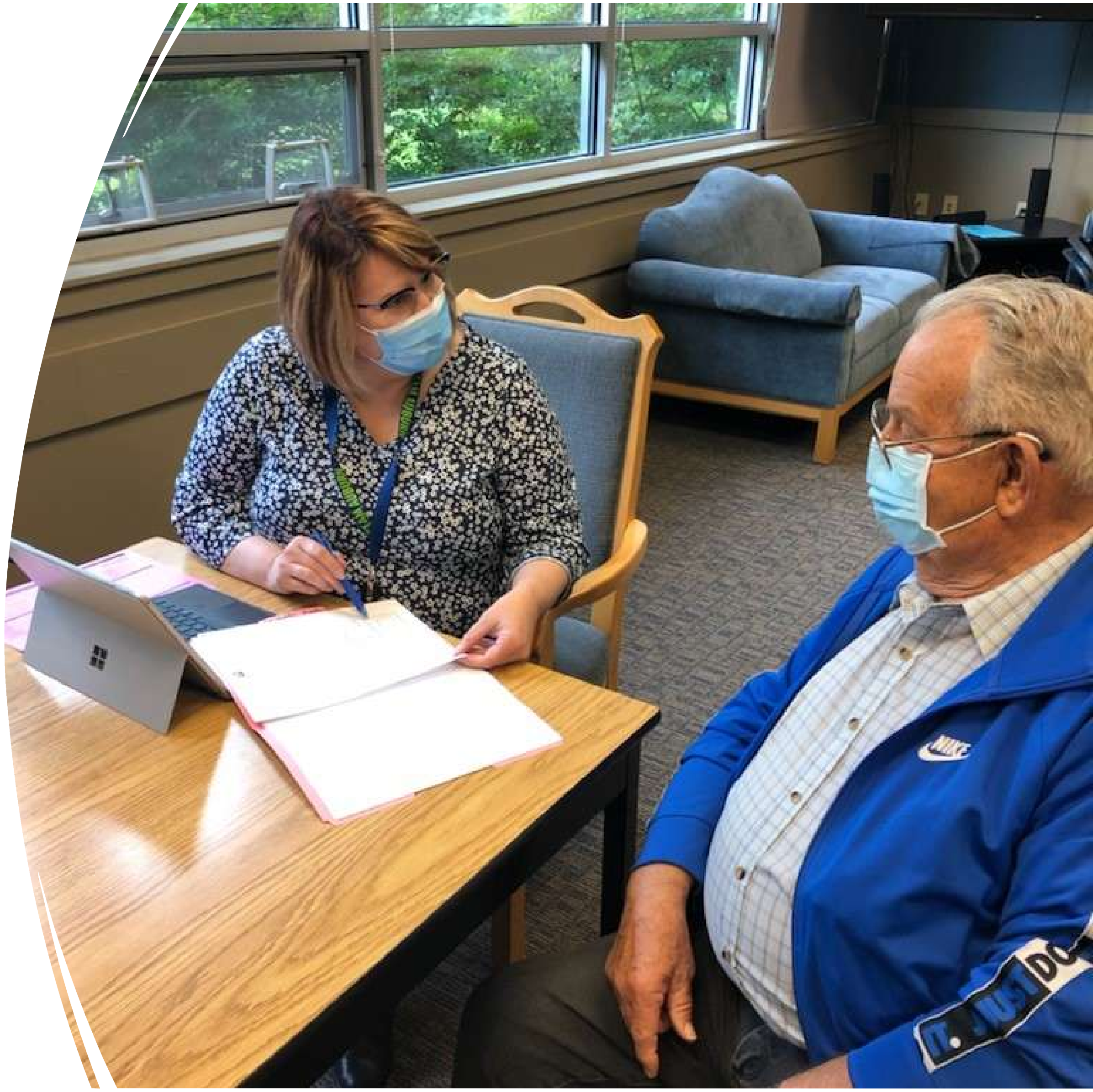
Resource Navigation
Office Assistant

# Resource Navigation Team

- Provide direct client support and system navigation
- Support individuals facing housing, health, financial, and social barriers
- Connect clients to county-funded and community-based services

# Where do Referrals Come From?

- Walk ins at the senior center and word of mouth
- Family members, friends, and neighbors
- Medical providers and social workers
- Home health providers
- Community-based agencies across King County
- City departments (Police, Outreach, Utility Assistance, etc.)
- Fire departments
- Auburn Food Bank, Shelter, and Ray of Hope
- Senior housing staff
- Veteran’s organizations

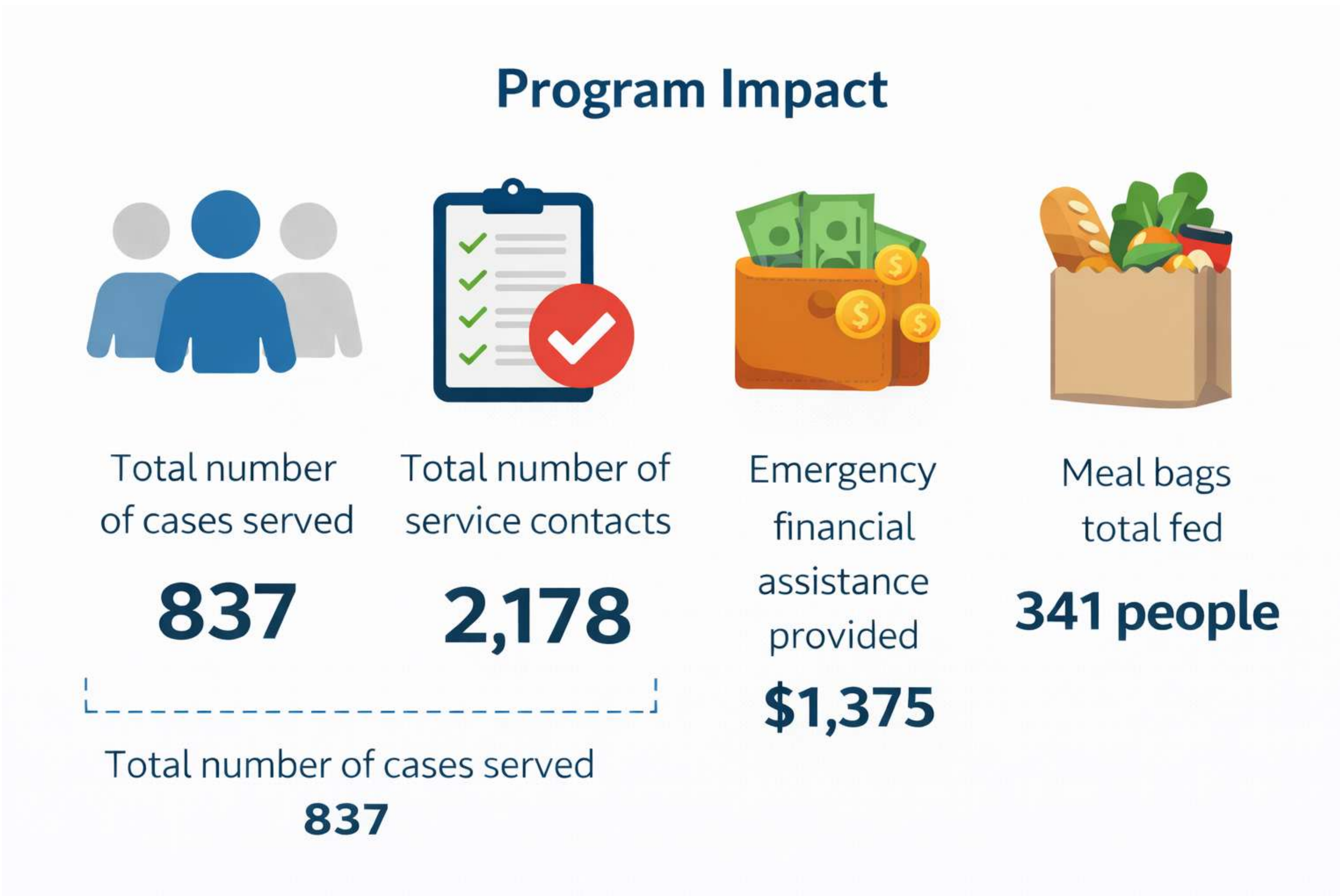



# What does a Resource Navigator help with?

- Basic needs assistance
- Healthcare & medical support
- Mental health services
- Aging, caregiver, and protection services
- Housing & home services
- Legal, benefits, and paperwork assistance
- Employment & vocational services
- Transportation
- Technology & accessibility
- Community support


# Common Resources Connected

- Food resources, hygiene supplies, and basic needs support
- Emergency financial assistance
- Medical care navigation and care coordination
- In-home support, caregiver resources, and aging-related resources
- Adult protective services and elder safety supports
- Eviction prevention and housing referrals
- Employment and job search support
- Transportation assistance, transit access, and ride programs
- Digital access support (online applications and digital literacy)
- Cross-agency service coordination


Program Impact
Total number of cases served
837
Total number of service contacts
2,178
Emergency financial assistance provided
$1,375
Meal bags total fed
341 people
Total number of cases served
837

# 2025 Program Highlights

- Served **164 clients**, including 116 new and 48 returning clients
- Expanded access to individual mental health counseling through a licensed provider
- Hosted a bi-weekly mindfulness-based anxiety support group (April–June)
- Launched the Better Age pilot program to strengthen staff capacity in serving older adults
- Sustained Friday congregate lunch services, reducing meal disruptions for seniors
- Assisted older adults with online enrollment in the Farmers Market Nutrition Program
- Distributed 64 food boxes, supporting 82 individuals with essential nutrition

# How To Contact Us

Auburn Senior Resources

253-470-2098

SeniorResources@auburnwa.gov

CITY OF AUBURN WASHINGTON

# AGENDA BILL APPROVAL FORM

**Agenda Subject:**
Public Art for Centennial Viewpoint Park (Krueger) (20 Minutes)

**Meeting Date:**
April 27, 2026

**Department:**
Parks, Arts & Recreation

**Attachments:**
Presentation, Resolution No. 5904

**Budget Impact:**

**Administrative Recommendation:**
For discussion only.

**Background for Motion:**

**Background Summary:**
The purpose of this discussion is to share the proposed artwork for Centennial Viewpoint Park. This is replacement artwork from a piece that was stolen. Artists Sharon Agnor and Ben Dye will share their design process and the proposed artwork that is being recommended by the Auburn Arts Commission for formal Council approval via Resolution on May 4, 2026.

**Councilmember:** Clinton Taylor

**Staff:** Julie Krueger

PARKS, ARTS, AND RECREATION DEPARTMENT

## Public Art for Centennial Viewpoint Park

ALLISON HYDE
City Council Study Session
APRIL 27, 2026

Selected Artists: Sharon Warman Agnor & Ben Dye

# Centennial Viewpoint Park – History of Public Art

- Former public artwork: “The Long Look” by artist Brad Rude, installed in 1992
- Was stolen and recast in 2012
- Stolen a second time in 2023
- Decommissioned by Auburn City Council in 2025
- City received an insurance payment of $55,000
- Original artist Brad Rude chose not to create a replacement artwork due to only working in bronze
- In 2025, identified as a desired location for public art, with $80,000 allocated for the commission

# Public Art for Centennial Viewpoint Park

- Centennial Viewpoint Park was developed by the Auburn Rotary Club during Auburn's Centennial year celebration in 1991. It was dedicated in 1991.

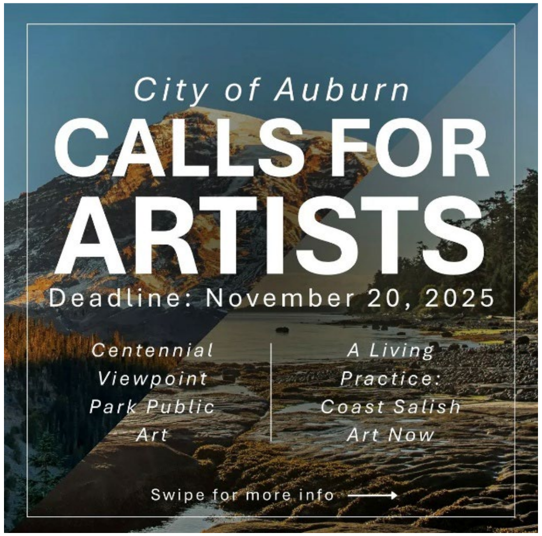
- The park was identified as an ideal and important location for public art

- Auburn's Art in Public Places outlines the public art process

- **Selection Committee formed to help guide and select artist for the opportunity:**
    - Park Board Member: John Boatman
    - Artists: Ken Turner and Robert LaSelle Chism
    - Arts Commissioners: Dr. Carol Crawford Danner & Kristine DeLeon
    - City & Project Representatives:
        - Cemetery Manager: Immer Chevalier
        - Project Planning & Development Manager: Thaniel Gouk
        - Parks, Arts & Recreation Director: Julie Krueger

# Public Art for Centennial Viewpoint Park

- **October-November 2025: Call to Artist**
  - Sought applications from Washington State public artists
  - $80,000 public art commission
- **48 artist applied for the opportunity**
- **Four finalists interviewed** with the Selection Committee in December 2025




# Public Art for Centennial Viewpoint Park

**March 19, 2026: Selection Committee Meeting**

- Agnor and Dye presented design concept to the Selection Committee; approved conceptual design and forwarded recommended to Arts Commission

**April 7, 2026: Arts Commission Meeting**

- Agnor and Dye's final conceptual design presented to Auburn Arts Commission; Commission approved conceptual design and forwards recommendation of artwork to City Council for approval

**April 27, 2026: Study Session:**

- Final conceptual design presentation

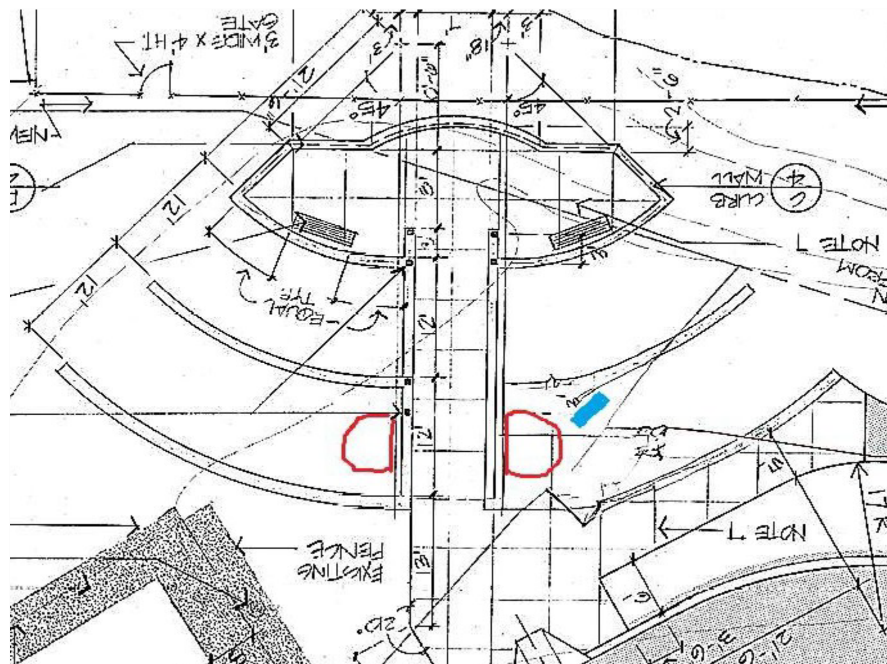
**May 2, 2026: Council Meeting**

- Resolution #5904 for consideration to approve artwork


## Selected Artists: Sharon Warman Agnor & Ben Dye

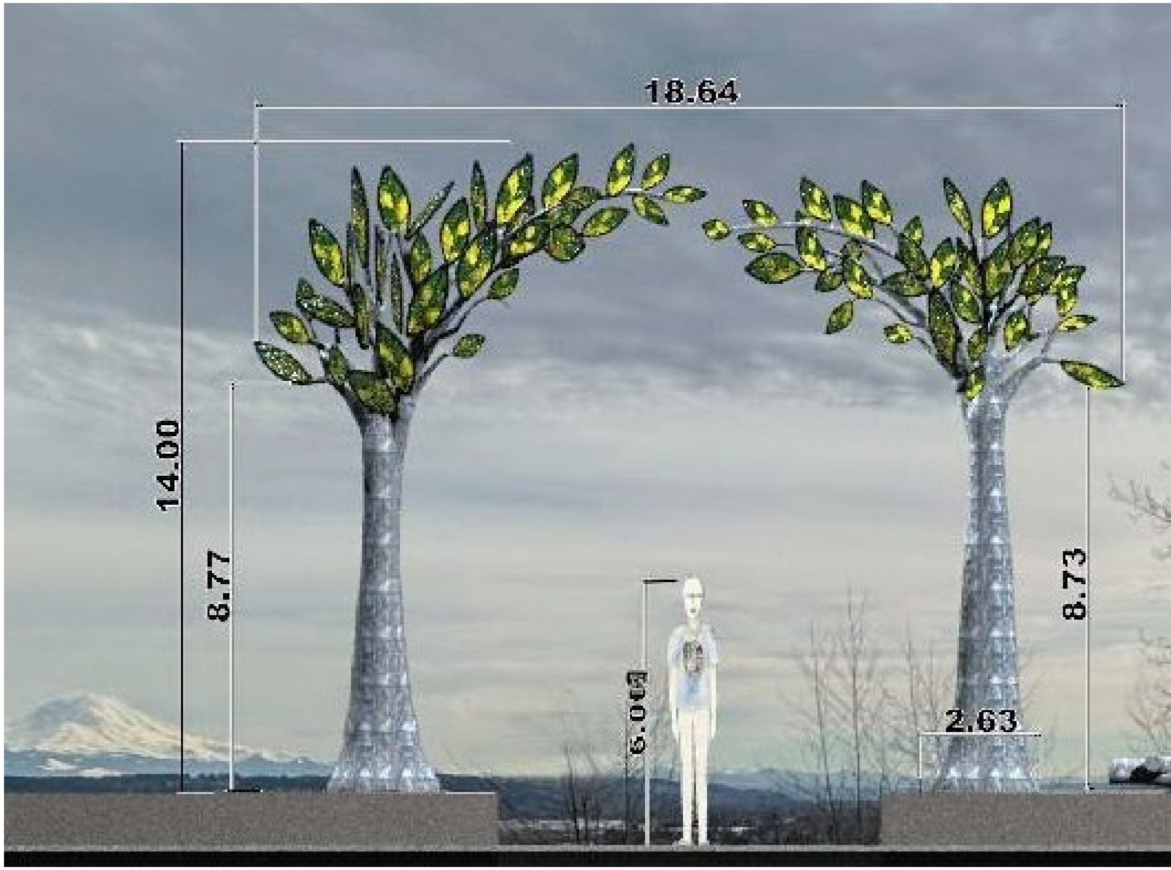
# Artwork location

- Creating a welcoming entry to park
- Visible from street
- Complimenting the beauty of the natural setting
- Location of sculptural trees indicated in red
- Location of sculptured log bench indicated in blue



# Public Art Design Concept

- 14’ high
- 8.75’ to lowest branch
- 18.5’ wide



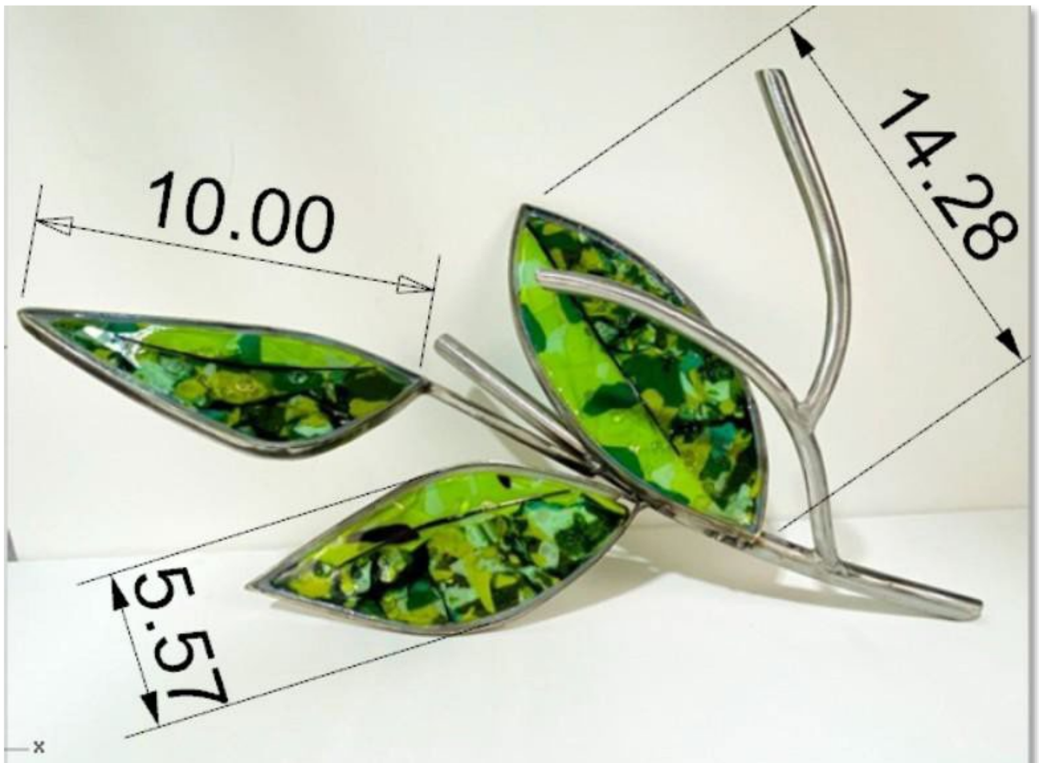
# Public Art Design Concept

- Angled view
- Trees framing Mount Rainier
- Log bench facing Mount Rainier

# Public Art Design Concept

- Angled view to right

# Glass & Stainless Steel Leaves

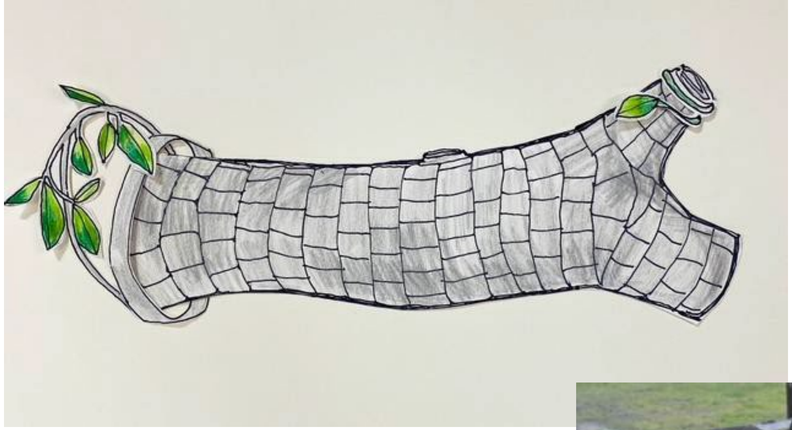



- Large 14’’x 6’’
- Small 10’’ x 5.5’’
- ~30 leaves per tree

# Sculptural Elements

- Welded stainless pieces forming organic tree and branch shapes
- Left: example of similar tree from past work by artist

# Log Bench



- To honor “The Long Look”
- New growth suggests ongoing story
- 60” x 22” x 24”


*Thank you!*
Questions?

# RESOLUTION NO. 5904

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AUBURN, WASHINGTON, AUTHORIZING THE MAYOR TO APPROVE THE CONCEPTUAL DESIGN, FABRICATE, AND INSTALL A PUBLIC ART PIECE INTO CENTENNIAL VIEWPOINT PARK

WHEREAS, the City of Auburn is working on design for a new artwork at Centennial Viewpoint Park; and

WHEREAS, the City has contracted with artists Sharon Agnor and Ben Dye to provide public artwork in Centennial Viewpoint Park and desires to proceed with the proposed conceptual design, fabrication and installation of artwork for this site; and

NOW, THEREFORE, THE CITY COUNCIL OF AUBURN, WASHINGTON, HEREBY RESOLVES as follows:

**Section 1.** The Mayor of the City of Auburn is hereby authorized to give permission for artists Sharon Agnor and Ben Dye to design, fabricate, and install public artwork in Centennial Viewpoint Park in substantial conformity with the renderings presented to Council, which are incorporated by this reference.

**Section 2.** The Mayor is further authorized to implement such administrative procedures as may be necessary to carry out the directives of this legislation.

**Section 3.** The City Clerk is authorized to make necessary corrections to this Resolution including, but not limited to, the correction of scrivener's/clerical errors, references, Resolution numbering, section/subsection numbers, and any references thereto.

**Section 4.** This Resolution will take effect and be in full force on passage and signatures.

Dated and Signed: ______________________

CITY OF AUBURN

___________________________
NANCY BACKUS, MAYOR

ATTEST:

_______________________________
Shawn Campbell, MMC, City Clerk

APPROVED AS TO FORM:

_____________________________
Jason Whalen, City Attorney

CITY OF AUBURN WASHINGTON

## AGENDA BILL APPROVAL FORM

**Agenda Subject:**
Ordinance No. 7022 (Thomas) (5 Minutes)
An Ordinance relating to housekeeping amendments for recently adopted tax ordinances, and amending Section 3.53.020 and Chapter 3.62 of the Auburn City Code

**Meeting Date:**
April 27, 2026

**Department:**
Finance

**Attachments:**
Ordinance No. 7022, Exhibit A

**Budget Impact:**

**Administrative Recommendation:**
For discussion only.

**Background for Motion:**

**Background Summary:**
On December 15, 2025, the City Council approved Ordinance No. 6993, which amended City Code to incorporate provisions of SB 5814 which mandated changes to the B&O Tax Model Ordinance. On February 2, 2026, the City Council approved Ordinance No. 7011, which amended ACC 3.62.020 relating to the Administrative Code for Certain City Taxes.

Both Ordinances contain errors relating to cross-referenced Sections of Code; and these formatting and cross-referencing errors were an oversight, not scrivener errors, which must be corrected via an Ordinance. Section 3.53.020 and Chapter 3.62 of the Auburn City Code are amended to read as shown in Exhibit A.

**Councilmember:** Hanan Amer

**Staff:** Jamie Thomas

# ORDINANCE NO. 7022

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF AUBURN, WASHINGTON, RELATING TO HOUSEKEEPING AMENDMENTS FOR RECENTLY ADOPTED TAX ORDINANCES, AND AMENDING SECTION 3.53.020 AND CHAPTER 3.62 OF THE AUBURN CITY CODE

WHEREAS, on December 15, 2025, the City Council approved Ordinance No. 6993, which amended various sections of Chapter 3.53 ACC relating to the imposition and administration of the City Business and Occupation (B&O) Tax; and

WHEREAS, on February 2, 2026, the City Council approved Ordinance No. 7011, which amended ACC 3.62.020 relating to the Administrative Code for Certain City Taxes; and

WHEREAS, Ordinance No. 6993 did not include necessary formatting edits to incorporate the additional code into the format of the current code; and

WHEREAS, both ordinances contain errors relating to cross-referenced sections of code; and

WHEREAS, these formatting and cross-referencing errors were oversight, not scrivener errors, which must be corrected via an ordinance,

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF AUBURN, WASHINGTON, DO ORDAIN as follows:

**Section 1. Amendment to City Code.** Section 3.53.020 and Chapter 3.62 of the Auburn City Code are amended to read as shown in Exhibit A.

**Section 2. Implementation.** The Mayor is authorized to implement those administrative procedures necessary to carry out the directives of this legislation.

**<u>Section 3.</u>** **<u>Severability.</u>** The provisions of this Ordinance are declared to be separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this Ordinance, or the invalidity of the application of it to any person or circumstance, will not affect the validity of the remainder of this Ordinance, or the validity of its application to other persons or circumstances.

**<u>Section 4.</u>** **<u>Corrections.</u>** The City Clerk and the codifiers of this Ordinance are authorized to make necessary corrections to this Ordinance including, but not limited to, the correction of scrivener's/clerical errors, references, Ordinance numbering, section/subsection numbers, and any references thereto.

**<u>Section 5.</u>** **<u>Effective date.</u>** This Ordinance will take effect and be in force five days from and after its passage, approval, and publication as provided by law.

INTRODUCED: _______________

PASSED: ____________________

APPROVED: _________________

______________________________
NANCY BACKUS, MAYOR

ATTEST:

______________________________
Shawn Campbell, MMC, City Clerk

APPROVED AS TO FORM:

______________________________
Jason Whalen, City Attorney

Published: ______________________________________________________________

## 3.53.020 Definitions.

In construing the provisions of this chapter, the following definitions shall be applied. Words in the singular number shall include the plural, and the plural shall include the singular.

A. "Adult family home" means a residential home licensed by the Washington State Department of Social and Health Services (DSHS) pursuant to Chapter 70.128 RCW in which a person or persons provides personal care, special care, room and board to more than one but not more than six adults who are not related by blood or marriage to the person or persons providing the services.

B. Advance, Reimbursement.

1. "Advance" means money or credits a taxpayer receives from a customer or client for the purpose of paying costs or fees on behalf of the customer or client.

2. "Reimbursement" means money or credits a taxpayer receives from a customer or client to repay the taxpayer for money or credits expended by the taxpayer in payment of costs or fees of the customer or client.

C. Agricultural Product, Farmer.

1. "Agricultural product" means any product of plant cultivation or animal husbandry including, but not limited to: a product of horticulture, grain cultivation, vermiculture, viticulture, or aquaculture as defined in RCW 15.85.020; plantation Christmas trees; turf; or any animal including but not limited to an animal that is a private sector cultured aquatic product as defined in RCW 15.85.020, or a bird, or insect, or the substances obtained from such animal. "Agricultural product" does not include animals intended to be pets, marijuana, or marijuana-infused products as defined by RCW 69.50.101(y) and (ff).

2. "Farmer" means any person engaged in the business of growing or producing, upon the person's own lands or upon lands in which the person has a present right of possession, any agricultural product whatsoever for sale. "Farmer" does not include a person using such products as ingredients in a manufacturing process, or a person growing or producing such products for the person's own consumption. "Farmer" does not include a person selling any animal or substance obtained therefrom in connection with the person's business of operating a stockyard or a slaughter or packing house. "Farmer" does not

include any person in respect to the business of taking, cultivating, or raising timber. “Farmer” does not include any person engaged in the business of growing, producing, processing, selling or distributing marijuana.

D. Artistic or Cultural Organization.

1. The term “artistic or cultural organization” means an organization which is organized and operated exclusively for the purpose of providing artistic or cultural exhibitions, presentations, or performances or cultural or art education programs, as defined in subsection (D)(10) of this section, for viewing or attendance by the general public.

2. The organization must be a not-for-profit corporation under Chapter 24.03 RCW.

3. The organization must be managed by a governing board of not less than eight individuals none of whom is a paid employee of the organization or by a corporation sole under Chapter 24.12 RCW.

4. No part of its income may be paid directly or indirectly to its members, stockholders, officers, directors, or trustees except in the form of services rendered by the corporation in accordance with its purposes and bylaws.

5. Salary or compensation paid to its officers and executives must be only for actual services rendered, and at levels comparable to the salary or compensation of like positions within the state.

6. Assets of the organization must be irrevocably dedicated to the activities for which the exemption is granted and, on the liquidation, dissolution, or abandonment by the organization, may not inure directly or indirectly to the benefit of any member or individual except a nonprofit organization, association, or corporation which also would be entitled to the exemption.

7. The organization must be duly licensed or certified when licensing or certification is required by law or regulation.

8. The amounts received that qualify for exemption must be used for the activities for which the exemption is granted.

9. Services must be available regardless of race, color, national origin, ancestry, religion, age, sex, marital status, Vietnam or disabled veteran status, sexual orientation, or the presence of any mental or physical disability.

10. The term “artistic or cultural exhibitions, presentations, or performances or cultural or art education programs” is limited to:

   a. An exhibition or presentation of works of art or objects of cultural or historical significance, such as those commonly displayed in art or history museums;

   b. A musical or dramatic performance or series of performances; or

   c. An educational seminar or program, or series of such programs, offered by the organization to the general public on an artistic, cultural, or historical subject.

E. “Assisted living facility” means any home or other institution, however named, which is advertised, announced, or maintained for the express or implied purpose of providing housing, basic services, and assuming general responsibility for the safety and well-being of the residents, and may also provide domiciliary care. “Assisted living facility” shall not include facilities certified as group training homes pursuant to RCW 71A.22.040, nor any home, institution or section thereof which is otherwise licensed and regulated under the provisions of state law providing specifically for the licensing and regulation of such home, institution or section thereof. Nor shall it include any independent senior housing, independent living units in continuing care retirement communities, or other similar living situations including those subsidized by the Department of Housing and Urban Development.

F. “Athletic or fitness facility” means an indoor or outdoor facility or portion of a facility that is primarily used for: exercise classes; strength and conditioning programs; personal training services; tennis, racquetball, handball, squash, or pickleball; or other activities requiring the use of exercise or strength training equipment, such as treadmills, elliptical machines, stair climbers, stationary cycles, rowing machines, pilates equipment, balls, climbing ropes, jump ropes, and weightlifting equipment.

G. “Business” includes all activities engaged in with the object of gain, benefit, or advantage to the taxpayer or to another person or class, directly or indirectly.

H. “Business and occupation tax” or “gross receipts tax” means a tax imposed on or measured by the value of products, the gross income of the business, or the gross proceeds of sales, as the case may be, and that is the legal liability of the business.

I. “City” means the city of Auburn, Washington.

J. “Commercial or industrial use” means the following uses of products, including by-products, by the extractor or manufacturer thereof:

1. Any use as a consumer; and
2. The manufacturing of articles, substances or commodities.

K. “Competitive telephone service” means the providing by any person of telecommunications equipment or apparatus, or service related to that equipment or apparatus such as repair or maintenance service, if the equipment or apparatus is of a type which can be provided by persons that are not subject to regulation as telephone companies under RCW Title 80 and for which a separate charge is made.

L. “Consumer” means the following:

1. Any person who purchases, acquires, owns, holds, or uses any tangible or intangible personal property irrespective of the nature of the person’s business. “Consumer” includes, among others and without limiting its scope, persons who install, repair, clean, alter, improve, construct, or decorate real or personal property of or for a consumer other than for the purpose of:

   a. Resale as tangible or intangible personal property in the regular course of business;

   b. Incorporating such property as an ingredient or component of real or personal property when installing, repairing, cleaning, altering, imprinting, improving, constructing, or decorating such real or personal property of or for consumers;

   c. Incorporating such property as an ingredient or component of a new product or as a chemical used in processing a new product when the primary purpose of such chemical is to create a chemical reaction directly through contact with an ingredient of a new product; or

d. Consuming the property in producing ferrosilicon which is subsequently used in producing magnesium for sale, if the primary purpose of such property is to create a chemical reaction directly through contact with an ingredient of ferrosilicon;

2. Any person engaged in any business activity that is taxable under ACC 3.53.040;

3. Any person who purchases, acquires, or uses any competitive telephone service as herein defined, other than for resale in the regular course of business;

4. Any person who purchases, acquires, or uses any personal, business, or professional service defined as a retail sale or retail service in this section, other than for resale in the regular course of business;

5. Any person who is an end user of software;

6. Any person engaged in the business of "public road construction" with respect to tangible personal property when that person incorporates the tangible personal property as an ingredient or component of a publicly owned street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle by installing, placing, or spreading the property in or upon the right-of-way of a publicly owned street, place, road, highway, easement, bridge, tunnel, or trestle, or in or upon the site of a publicly owned mass public transportation terminal or parking facility;

7. Any person who is an owner, lessee, or has the right of possession to or an easement in real property which is being constructed, repaired, decorated, improved, or otherwise altered by a person engaged in business;

8. Any person who is an owner, lessee, or has the right of possession to personal property which is being constructed, repaired, improved, cleaned, imprinted, or otherwise altered by a person engaged in business; or

9. Any person engaged in "government contracting." Any such person shall be a consumer within the meaning of this subsection with respect to tangible personal property incorporated into, installed in, or attached to such building or other structure by such person. Nothing contained in this or any other subsection of this section shall be construed to modify any other definition of "consumer."

M. “Delivery” means the transfer of possession of tangible personal property between the seller and the buyer or the buyer’s representative. Delivery to an employee of a buyer is considered delivery to the buyer. Transfer of possession of tangible personal property occurs when the buyer or the buyer’s representative first takes physical control of the property or exercises dominion and control over the property. “Dominion and control” means the buyer has the ability to put the property to the buyer’s own purposes. It means the buyer or the buyer’s representative has made the final decision to accept or reject the property, and the seller has no further right to possession of the property and the buyer has no right to return the property to the seller, other than under a warranty contract. A buyer does not exercise dominion and control over tangible personal property merely by arranging for shipment of the property from the seller to itself. A buyer’s representative is a person, other than an employee of the buyer, who is authorized in writing by the buyer to receive tangible personal property and take dominion and control by making the final decision to accept or reject the property. Neither a shipping company nor a seller can serve as a buyer’s representative. It is immaterial where the contract of sale is negotiated or where the buyer obtains title to the property. Delivery terms and other provisions of the Uniform Commercial Code (RCW Title 62A) do not determine when or where delivery of tangible personal property occurs for purposes of taxation.

N. “Director” means the finance director of the city or any officer, agent or employee of the city designated to act on the director’s behalf.

O. “Digital automated service,” “digital code” and “digital goods” have the same meaning as in RCW 82.04.192.

P. “Digital products” means digital goods, digital codes, digital automated services, and the services described in RCW 82.04.050(2)(q) and (6)(b).

Q. “Eligible gross receipts tax” means a tax which:

1. Is imposed on the act or privilege of engaging in business activities within ACC 3.53.040; and

2. Is measured by the gross volume of business, in terms of gross receipts, and is not an income tax or value added tax; and

3. Is not, pursuant to law or custom, separately stated from the sales price; and

4. Is not a sales or use tax, business license fee, franchise fee, royalty or severance tax measured by volume or weight, or concession charge, or payment for the use and enjoyment of property, property right or a privilege; and

5. Is a tax imposed by a local jurisdiction, whether within or without the state of Washington, and not by a country, state, province, or any other nonlocal jurisdiction above the county level.

R. Engaging in Business.

1. The term “engaging in business” means commencing, conducting, or continuing in business, and also the exercise of corporate or franchise powers, as well as liquidating a business when the liquidators thereof hold themselves out to the public as conducting such business.

2. This subsection sets forth examples of activities that constitute engaging in business in the city, and establishes safe harbors for certain of those activities so that a person who meets the criteria may engage in de minimis business activities in the city without having to register and obtain a business license or pay city business and occupation taxes. The activities listed in this section are illustrative only and are not intended to narrow the definition of “engaging in business” in subsection (R)(1) of this section. If an activity is not listed, whether it constitutes engaging in business in the city shall be determined by considering all the facts and circumstances and applicable law.

3. Without being all inclusive, any one of the following activities conducted within the city by a person, or its employee, agent, representative, independent contractor, broker or another acting on its behalf constitutes engaging in business and requires a person to register and obtain a business license:

a. Owning, renting, leasing, maintaining, or having the right to use, or using, tangible personal property, intangible personal property, or real property permanently or temporarily located in the city.

b. Owning, renting, leasing, using, or maintaining an office, place of business, or other establishment in the city.

c. Soliciting sales.

d. Making repairs or providing maintenance or service to real or tangible personal property, including warranty work and property maintenance.

e. Providing technical assistance or service, including quality control, product inspections, warranty work, or similar services on or in connection with tangible personal property sold by the person or on its behalf.

f. Installing, constructing, or supervising installation or construction of real or tangible personal property.

g. Soliciting, negotiating, or approving franchise, license, or other similar agreements.

h. Collecting current or delinquent accounts.

i. Picking up and transporting tangible personal property, solid waste, construction debris, or excavated materials.

j. Providing disinfecting and pest control services, employment and labor pool services, home nursing care, janitorial services, appraising, landscape architectural services, security system services, surveying, and real estate services including the listing of homes and managing real property.

k. Rendering professional services such as those provided by accountants, architects, attorneys, auctioneers, consultants, engineers, professional athletes, barbers, baseball clubs and other sports organizations, chemists, psychologists, court reporters, dentists, doctors, detectives, laboratory operators, teachers, veterinarians.

l. Meeting with customers or potential customers, even when no sales or orders are solicited at the meetings.

m. Training or recruiting agents, representatives, independent contractors, brokers or others, domiciled or operating on a job in the city, acting on its behalf, or for customers or potential customers.

n. Investigating, resolving, or otherwise assisting in resolving customer complaints.

o. In-store stocking or manipulating products or goods, sold to and owned by a customer, regardless of where sale and delivery of the goods took place.

p. Delivering goods in vehicles owned, rented, leased, used, or maintained by the person or another person acting on its behalf.

4. If a person, or their employee, agent, representative, independent contractor, broker or another acting on the person's behalf, engages in no other activities in or with the city but the following, it need not register and obtain a business license and pay tax:

a. Meeting with suppliers of goods and services as a customer.

b. Meeting with government representatives in their official capacity, other than those performing contracting or purchasing functions.

c. Attending meetings, such as board meetings, retreats, seminars, and conferences, or other meetings wherein the person does not provide training in connection with tangible personal property sold by the person or on its behalf. This provision does not apply to any board of directors member or attendee engaging in business such as a member of a board of directors who attends a board meeting.

d. Renting tangible or intangible property as a customer when the property is not used in the city.

e. Attending, but not participating in, a "trade show" or "multiple vendor events." Persons participating at a trade show shall review Chapter 2.23 ACC, Special Event Permits.

f. Conducting advertising through the mail.

g. Soliciting sales by phone from a location outside the city.

5. A seller located outside the city merely delivering goods into the city by means of common carrier is not required to register and obtain a business license; provided, that it engages in no other business activities in the city. Such activities do not include those in subsection (R)(4) of this section.

6. The city expressly intends that engaging in business include any activity sufficient to establish nexus for purposes of applying the tax under the law and the Constitutions of the United States and the state of Washington. Nexus is presumed to continue as long as the taxpayer benefits from the activity that constituted the original nexus-generating contact or subsequent contacts.

S. “Extracting” is the activity engaged in by an extractor and is reportable under the extracting classification.

T. Extractor.

1. “Extractor” means every person who from the person’s own land or from the land of another under a right or license granted by lease or contract, either directly or by contracting with others for the necessary labor or mechanical services, for sale or for commercial or industrial use, mines, quarries, takes or produces coal, oil, natural gas, ore, stone, sand, gravel, clay, mineral or other natural resource product; or fells, cuts or takes timber, Christmas trees other than plantation Christmas trees, or other natural products; or takes fish, shellfish, or other sea or inland water foods or products.

2. “Extractor” does not include persons performing under contract the necessary labor or mechanical services for others; persons meeting the definition of “farmer” under RCW 82.04.213, or persons producing cannabis.

3. When an “extractor” is also a “manufacturer” under this chapter, the principles of WAC 458-20-135 (as now enacted or hereafter amended) shall apply.

U. “Extractor for hire” means a person who performs under contract necessary labor or mechanical services for an extractor.

V. “Gross income of the business” means the value proceeding or accruing by reason of the transaction of the business engaged in and includes gross proceeds of sales, compensation for the rendition of services, gains realized from trading in stocks, bonds, or other evidences of indebtedness, interest, discount, rents, royalties, fees, commissions, dividends, and other emoluments however designated, all without any deduction on account of the cost of tangible property sold, the cost of materials used, labor costs, interest, discount, delivery costs, taxes, or any other expense whatsoever paid or accrued and without any deduction on account of losses.

W. “Gross proceeds of sales” means the value proceeding or accruing from the sale of tangible personal property, digital goods, digital codes, digital automated services or for other services rendered, without any deduction on account of the cost of property sold, the cost of materials used, labor costs, interest, discount paid, delivery costs, taxes, or any other expense whatsoever paid or accrued and without any deduction on account of losses.

X. "Gross receipts" has the same meaning as gross income.

Y. "Hospital" means any institution, place, building, or agency which provides accommodations, facilities and services over a continuous period of 24 hours or more, for observation, diagnosis, or care, of two or more individuals not related to the operator who are suffering from illness, injury, deformity, or abnormality, or from any other condition for which obstetrical, medical, or surgical services would be appropriate for care or diagnosis. "Hospital" as used in this chapter does not include hotels, or similar places furnishing only food and lodging, or simply domiciliary care; nor does it include clinics, or physician's offices where patients are not regularly kept as bed patients for 24 hours or more; nor does it include nursing homes, as defined and which come within the scope of Chapter 18.51 RCW; nor does it include birthing centers, which come within the scope of Chapter 18.46 RCW; nor does it include psychiatric hospitals, which come within the scope of Chapter 71.12 RCW; nor any other hospital or institution specifically intended for use in the diagnosis and care of those suffering from mental illness, intellectual disability, convulsive disorders, or other abnormal mental condition. Furthermore, nothing in this chapter or the rules adopted pursuant thereto shall be construed as authorizing the supervision, regulation, or control of the remedial care or treatment of residents or patients in any hospital conducted for those who rely primarily upon treatment by prayer or spiritual means in accordance with the creed or tenets of any well recognized church or religious denominations.

Z. International Investment Management Services.

1. "International investment management services" includes investment research, investment consulting, fund administration, fund distribution, investment transactions, or related investment services provided to persons for or on behalf of a collective investment fund. A person is considered to be engaged in providing international investment management services if such person is providing investment management services and/or is a member of an affiliated group (as defined by RCW 82.04.293(2)(b)) primarily in the business of providing investment management services to collective investment funds, and at least 15 percent of the gross income of the person and/or affiliated group is derived from providing investment management services to any of the following:

a. Persons or collective investment funds residing outside the United States; or

b. Collective investment funds with at least 50 percent of their investment assets located or issued outside the United States.

2. For the purpose of this section, "collective investment fund" includes:

a. A mutual fund or other regulated investment company as defined in 26 USC 851(a), as now enacted or hereafter amended;

b. An investment company, as defined in 15 USC 80(a)(3) (as now enacted or hereafter amended), as well as any entity that would be an investment company for this purpose but for the exemptions contained in 15 USC 80(a)(3);

c. An employee benefit plan, which includes any plan, trust, commingled employee benefit trust, or custodial arrangement that is subject to 29 USC 1001 et seq., or that is described in 26 USC 125, 401, 403, 408, 457, 501(c)(9), and 501(c)(17) through (24), or a similar plan maintained by a state or local government, or a plan trust, or custodial arrangement established to self-insure benefits required by federal, state, or local law;

d. A fund maintained by a tax exempt organization, as defined in 26 USC 501(c)(3) for operating, quasi-endowment, or endowment purposes;

e. Funds that are established for the benefit of such tax exempt organizations, such as charitable remainder trusts, charitable lead trusts, charitable annuity trusts, or other similar trusts; or

f. Collective investment funds similar to those described in subsections (Z)(2)(a) through (Z)(2)(e) of this section created under the laws of a foreign jurisdiction.

AA. "Liquor" shall have the same meaning as RCW 66.44.010.

BB. "Lottery commissions" are commissions received from sales of lottery and scratch tickets to a consumer.

CC. "Manufacturing" means the activity conducted by a manufacturer and is reported under the manufacturing classification.

DD. "Manufacturer," "To Manufacture."

1. "Manufacturer" means every person who, either directly or by contracting with others for the necessary labor or mechanical services, manufactures for sale or for commercial or industrial use from the person's own materials or ingredients any products. When the owner of equipment or facilities furnishes, or sells to the customer prior to manufacture,

materials or ingredients equal to less than 20 percent of the total value of all materials or ingredients that become a part of the finished product, the owner of the equipment or facilities will be deemed to be a processor for hire, and not a manufacturer. A business not located in this city that is the owner of materials or ingredients processed for it in this city by a processor for hire shall be deemed to be engaged in business as a manufacturer in this city.

2. “To manufacture” means all activities of a commercial or industrial nature wherein labor or skill is applied, by hand or machinery, to materials or ingredients so that as a result thereof a new, different or useful product is produced for sale or commercial or industrial use, and shall include:

a. The production of special made or custom made articles;

b. The production of dental appliances, devices, restorations, substitutes, or other dental laboratory products by a dental laboratory or dental technician;

c. Crushing and/or blending of rock, sand, stone, gravel, or ore; and

d. The producing of articles for sale, or for commercial or industrial use from raw materials or prepared materials by giving such materials, articles, and substances of trade or commerce new forms, qualities, properties or combinations including, but not limited to, such activities as making, fabricating, processing, refining, mixing, slaughtering, packing, aging, curing, mild curing, preserving, canning, and the preparing and freezing of fresh fruits and vegetables.

“To manufacture” shall not include the production of digital goods or the production of computer software if the computer software is delivered from the seller to the purchaser by means other than tangible storage media, including the delivery by use of a tangible storage media where the tangible storage media is not physically transferred to the purchaser.

EE. Newspaper, Magazine, Periodical.

1. “Newspaper” means a publication offered for sale regularly at stated intervals at least once per week and printed on newsprint in tabloid or broadsheet format folded loosely together without stapling, glue, or any other binding of any kind.

2. “Magazine” or “periodical” means any printed publication, other than a newspaper, issued and offered for sale regularly at stated intervals at least once every three months, including any supplement or special edition of the publication. Any publication meeting this definition qualifies regardless of its content.

FF. “Office” or “place of business” means a fixed location or permanent facility where the regular business of the person is conducted and which is either owned by the person or over which the person exercises legal dominion and control. The regular business of the person is presumed conducted at a location:

1. Whose address the person uses as their business mailing address; and

2. Where the place of primary use is shown on a telephone billing or a location containing a telephone line, listed in a public telephone directory or other similar publication, under the business name; and

3. Where the person holds themselves out to the general public as conducting regular business through signage or other means; and

4. Where the person is required to obtain any appropriate state and local business license or registration unless the person is exempted by law from such requirement.

A vehicle such as a pick-up, van, truck, boat or other motor vehicle is not an office or place of business. A post office box is not an office or place of business.

If a person has an office or place of business, the person’s home is not an office or place of business unless it meets the criteria for office or place of business above. If a person has no office or place of business, the person’s home or apartment within the city will be deemed the place of business.

GG. “Option to purchase” shall mean a continuing offer or contract by which owner stipulates with another that the latter shall have the right to buy property at a fixed dollar price within a certain time. An agreement is only an option when no obligation rests on the potential buyer to make any payment except such as may be agreed upon by the parties as consideration to support the option until the potential buyer has made up their mind within a time specified to complete the purchase. The use of the term “fair market value” or any other like term shall not be substituted for a fixed dollar price in determining if an “option to purchase” exists.

HH. “Person” means any individual, receiver, administrator, executor, assignee, trustee in bankruptcy, trust, estate, firm, co-partnership, joint venture, club, company, joint stock company, business trust, municipal corporation, political subdivision of the state of Washington, corporation, limited liability company, association, society, or any group of individuals acting as a unit, whether mutual, cooperative, fraternal, nonprofit, or otherwise and the United States or any instrumentality thereof.

II. “Processing for hire” means the performance of labor and mechanical services upon materials or ingredients belonging to others so that as a result a new, different or useful product is produced for sale, or commercial or industrial use. A processor for hire is any person who would be a manufacturer if that person were performing the labor and mechanical services upon that person’s own materials or ingredients. If a person furnishes, or sells to the customer prior to manufacture, materials or ingredients equal to 20 percent or more of the total value of all materials or ingredients that become a part of the finished product the person will be deemed to be a manufacturer and not a processor for hire.

JJ. “Product” means tangible personal property, including articles, substances, or commodities created, brought forth, extracted, or manufactured by human or mechanical effort. “By-product” means any additional product, other than the principal or intended product, which results from extracting or manufacturing activities and which has a market value, without regard to whether or not such additional product was an expected or intended result of the extracting or manufacturing activities.

KK. “Retailing” means the activity of engaging in making sales at retail and is reported under the retailing classification.

LL. “Retail floor space” means the area where items are on display for sale to the public, together with the walkways and open spaces associated with such display.

MM. “Retail service” shall include the sale of or charge made for personal, business, or professional services including amounts designated as interest, rents, fees, admission, and other service emoluments however designated, received by persons engaging in the following business activities:

1. Amusement and recreation services including but not limited to golf, pool, billiards, skating, bowling, swimming, bungee jumping, ski lifts and tows, basketball, racquetball, handball, squash, tennis, batting cages, day trips for sightseeing purposes, and others,

when provided to consumers. “Amusement and recreation services” also include the provision of related facilities such as basketball courts, tennis courts, handball courts, swimming pools, and charges made for providing the opportunity to dance. The term “amusement and recreation services” does not include instructional lessons to learn a particular activity such as tennis lessons, swimming lessons, or archery lessons;

2. Abstract, title insurance, and escrow services;

3. Credit bureau services;

4. Automobile parking and storage garage services;

5. Landscape maintenance and horticultural services but excluding (a) horticultural services provided to farmers and (b) pruning, trimming, repairing, removing, and clearing of trees and brush near electric transmission or distribution lines or equipment, if performed by or at the direction of an electric utility;

6. Service charges associated with tickets to professional sporting events; and

7. The following personal services: physical fitness services, tanning salon services, tattoo parlor services, steam bath services, Turkish bath services, escort services, and dating services.

8. The term shall also include the renting or leasing of tangible personal property to consumers and the rental of equipment with an operator.

9. Beginning April 1, 2026, the rental or lease of individual self-service storage space at self-storage facilities,

NN. “Royalties” means compensation for the use of intangible property, such as copyrights, patents, licenses, franchises, trademarks, trade names, and similar items.

OO. Sale, Casual or Isolated Sale.

1. “Sale” means any transfer of the ownership of, title to, or possession of, property for a valuable consideration and includes any activity classified as a “sale at retail,” “retail sale,” or “retail service.” It includes renting or leasing, conditional sale contracts, leases with option to purchase, and any contract under which possession of the property is given to the purchaser but title is retained by the vendor as security for the payment of the

purchase price. It also includes the furnishing of food, drink, or meals for compensation whether consumed upon the premises or not.

2. "Casual or isolated sale" means a sale made by a person who is not engaged in the business of selling the type of property involved on a routine or continuous basis.

PP. Sale at Retail, Retail Sale.

~~"Sale at retail," "retail sale."~~

~~(1)~~1. "Sale at retail" or "retail sale" means every sale of tangible personal property (including articles produced, fabricated, or imprinted) to all persons irrespective of the nature of their business and including, among others, without limiting the scope hereof, persons who install, repair, clean, alter, improve, construct, or decorate real or personal property of or for consumers, other than a sale to a person who presents a resale certificate under RCW 82.04.470 and who:

a.

Purchases for the purpose of resale as tangible personal property in the regular course of business without intervening use by such person; or

~~(a)~~

~~(b)~~ b. Installs, repairs, cleans, alters, imprints, improves, constructs, or decorates real or personal property of or for consumers, if such tangible personal property becomes an ingredient or component of such real or personal property without intervening use by such person; or

c. ~~(c)~~ Purchases for the purpose of consuming the property purchased in producing for sale a new article of tangible personal property or substance, of which such property becomes an ingredient or component or is a chemical used in processing, when the primary purpose of such chemical is to create a chemical reaction directly through contact with an ingredient of a new article being produced for sale; or

d. ~~(d)~~ Purchases for the purpose of consuming the property purchased in producing ferrosilicon which is subsequently used in producing magnesium for sale, if the primary purpose of such property is to create a chemical reaction directly through contact with an ingredient of ferrosilicon; or

~~(~~e~~)~~. ~~P~~Purchases for the purpose of providing the property to consumers as part of competitive telephone service, as defined in RCW 82.04.065; or

~~(~~f~~)~~. Purchases for the purpose of satisfying the person's obligations under an extended warranty as defined in subsection (8) of this section, if such tangible personal property replaces or becomes an ingredient or component of property covered by the extended warranty without intervening use by such person.

The term shall include every sale of tangible personal property which is used or consumed or to be used or consumed in the performance of any activity classified as a “sale at retail” or “retail sale” even though such property is resold or utilized as provided in (a), (b), (c), (d), (e), or (f) of this subsection following such use.

The term also means every sale of tangible personal property to persons engaged in any business that is taxable under RCW 82.04.280(1)(a), (b), and (g), 82.04,290, and 82.04.2908.

~~(2)~~2. “Sale at retail” or “retail sale” also means every sale of tangible personal property to persons engaged in any business activity which is taxable under ~~.050(1)(g).~~ACC 3.53.040(A)(7)

3. The term "sale at retail" or "retail sale" includes the sale of or charge made for personal, business, or professional services including amounts designated as interest, rents, fees, admission, and other service emoluments however designated, received by persons engaging in the following business activities:

~~(3)~~ a.

Information technology training services, technical support, and other services including, but not limited to, assisting with network operations and support, help desk services, in-person training related to hardware or software, network system support services, data entry services, and data processing services; or

~~(a)~~ b.

~~(b)~~ Custom website development services. For the purposes of this subsection (3), "website development services" means the design, development, and support of a website provided by a website developer to a customer; or

~~(c)~~ c. Investigation, security services, security monitoring services, and armored car services including, but not limited to, background checks, security guard and patrol services, personal and event security, armored car transportation of cash and valuables, and security system services and monitoring. This does not include locksmith services; or

~~(d)~~ d. Temporary staffing services. For the purposes of this subsection (3), "temporary staffing services" means providing workers to other businesses, except for hospitals licensed under chapter 70.41 or 71.12 RCW, for limited periods of time to supplement their workforce and fill employment vacancies on a contract or for fee basis; or

e. Advertising services.

~~(~~i.~~)~~ For the purposes of this subsection (3), "advertising services" means all digital and nondigital services related to the creation, preparation, production, or dissemination of advertisements including, but not limited to: (A) Layout, art direction, graphic design, mechanical preparation, production supervision, placement, referrals, acquisition of advertising space, and rendering advice concerning the best methods of advertising products or services; and (B) Online referrals, search engine marketing, and lead generation optimization, web campaign planning, the acquisition of advertising space in the internet media, and the monitoring and evaluation of website traffic for purposes of determining the effectiveness of an advertising campaign.

~~(e)~~

~~(~~ii.~~)~~ "Advertising services" do not include:

~~(~~A.~~)~~ Web hosting services and domain name registration;

~~(~~B.~~)~~ Services rendered in respect to the following:

~~(~~I.~~)~~ "Newspapers" as defined in RCW 82.04.214;

~~(~~II.~~)~~ Printing or publishing under RCW 82.04.280; and

~~(~~III.~~)~~ "Radio and television broadcasting" within this state as defined in RCW 82.04 (section 1, chapter 9, Laws of 2025); and

~~(~~C.~~)~~ Services rendered in respect to out-of-home advertising, including: Billboard advertising; street furniture advertising; transit advertising; place-based advertising, such as in-store display advertising or point-of-sale advertising; dynamic or static signage at live events; naming rights; and fixed signage advertising. Out-of-home advertising does not include direct mail; or

f. Live presentations including, but not limited to, lectures, seminars, workshops, or courses where participants attend either in person or via the internet or telecommunications equipment that allows audience members and the presenter or instructor to give, receive, and discuss information with each other in real time.

~~(f)~~

For the purposes of (a) through (c) and (e) of this subsection (3), the terms "sale at retail" and "retail sale" do not include a sale between members of an affiliated group as defined in RCW 82.04.299(1)(f).

~~(~~4.~~)~~ "Sale at retail" or "retail sale" shall include the sale of or charge made for tangible personal property consumed and/or for labor and services rendered in respect to the following:

~~(a)~~ a. The installing, repairing, cleaning, altering, imprinting, or improving of tangible personal property of or for consumers, including charges made for the mere use of facilities in respect thereto, but excluding charges made for the use of coin-operated laundry facilities when such facilities are situated in an apartment house, rooming house, or mobile home park for the exclusive use of the tenants thereof, and also excluding sales of laundry service to nonprofit health care facilities, and excluding services rendered in respect to live animals, birds and insects;

b. The constructing, repairing, decorating, or improving of new or existing buildings or other structures under, upon, or above real property of or for consumers, including the installing or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation, and shall also include the sale of services or charges made for the clearing of land and the moving of earth excepting the mere leveling of land used in commercial farming or agriculture;

~~(b)~~

c. The charge for labor and services rendered in respect to constructing, repairing, or improving any structure upon, above, or under any real property owned by an owner who conveys the property by title, possession, or any other means to the person performing such construction, repair, or improvement for the purpose of performing such construction, repair, or improvement and the property is then reconveyed by title, possession, or any other means to the original owner;

~~(c)~~ d.

The sale of or charge made for labor and services rendered in respect to the cleaning, fumigating, razing or moving of existing buildings or structures, but shall not include the charge made for janitorial services; and for purposes of this section the term "janitorial services" shall mean those cleaning and caretaking services ordinarily performed by commercial janitor service businesses including, but not limited to, wall and window washing, floor cleaning and waxing, and the cleaning in place of rugs, drapes and upholstery. The term "janitorial services" does not include painting, papering, repairing, furnace or septic tank cleaning, snow removal or sandblasting;

~~(d)~~ e.

~~T~~The sale of or charge made for labor and services rendered in respect to automobile towing and similar automotive transportation services, but not in respect to those required to report and pay taxes under chapter 82.16 RCW;

~~(e)~~ f.

The sale of and charge made for the furnishing of lodging and all other services, except telephone business and cable service, by a hotel, rooming house, tourist court, motel, trailer camp, and the granting of any similar license to use real property, as distinguished from the renting or leasing of real property, and it shall be presumed that the occupancy of real property for a continuous period of one month or more constitutes a rental or lease of real property and not a mere license to use or enjoy the same. For the purposes of this subsection, it shall be presumed that the sale of and charge made for the furnishing of lodging for a continuous period of one month or more to a person is a rental or lease of real property and not a mere license to enjoy the same;

~~(f)~~ g.

The installing, repairing, altering, or improving of digital goods for consumers;

~~(g)~~

h.

~~(h)~~ The sale of or charge made for tangible personal property, labor and services to persons taxable under (a), (b), (c), (d), (e), (f), and (g) of this subsection when such sales or charges are for property, labor and services which are used or consumed in whole or in part by such persons in the performance of any activity defined as a "sale at retail" or "retail sale" even though such property, labor and services may be resold after such use or consumption. Nothing contained in this subsection shall be construed to modify subsection (1) of this section and nothing contained in subsection (1) of this section shall be construed to modify this subsection.

5. "Sale at retail" or "retail sale" shall also include the providing of competitive telephone service to consumers.

~~(4)~~6.

~~(6)~~ "Sale at retail" or "retail sale" shall also include the following:

~~(~~a. ~~)~~ T~~"Sale at retail" or "retail sale" shall also include t~~he sale of prewritten software, custom software, and customization of prewritten computer software to a consumer, other than a sale to a person who presents a resale certificate under RCW 82.04.470, regardless of the method of delivery to the end user. For purposes of this subsection (6~~5~~)(a) the sale of the sale of prewritten computer software includes the sale of or charge made for a key or an enabling or activation code, where the key or code is required to activate prewritten computer software and put the software into use. There is no separate sale of the key or code from the prewritten computer software, regardless of how the sale may characterized by the vendor or by the purchaser.

~~(~~b. ~~)~~

~~(i)~~T~~he term "sale at retail" or "retail sale" also includes t~~he charge made to consumers for the right to access and use prewritten computer software, custom software, and customization of prewritten computer software, where possession of the software is maintained by the seller or a third party, regardless of whether the charge for the service is on a per use, per user, per license, subscription, or some other basis. This includes the

~~(ii) (A) The service described in (b)(i) of this subsection 6 includes the~~ right to access and use prewritten software, custom software, and customization of prewritten computer software to perform data processing. "D

~~(B) For purposes of this subsection (b)(ii) "d~~ata processing" means the systematic performance of operations on data to extract the required information in an appropriate form or to convert the data to usable information. Data processing includes check processing, image processing, form processing, survey processing, payroll processing, claim processing, and similar activities.

7. ~~(7)~~ "Sale at retail" or "retail sale" shall also include the sale of or charge made for labor and services rendered in respect to the building, repairing, or improving of any street, place, road, highway, easement, right of way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle which is owned by a municipal corporation or political subdivision of the state, the State of Washington, or by the United States and which is used or to be used primarily for foot or vehicular traffic including mass transportation vehicles of any kind.

~~(Public road construction)~~

8. ~~(8)~~ "Sale at retail" or "retail sale" shall also include the sale of or charge made for an extended warranty to a consumer. For purposes of this subsection, "extended warranty" means an agreement for a specified duration to perform the replacement or repair of tangible personal property at no additional charge or a reduced charge for tangible personal property, labor, or both, or to provide indemnification for the replacement or repair of tangible personal property, based on the occurrence of specified events. The term "extended warranty" does not include an agreement, otherwise meeting the definition of extended warranty in this subsection, if no separate charge is made for the agreement and the value of the agreement is included in the sales price of the tangible personal property covered by the agreement.

~~(~~9.~~)~~ "Sale at retail" or "retail sale" shall also include the sale of or charge made for labor and services rendered in respect to the constructing, repairing, decorating, or improving of new or existing buildings or other structures under, upon, or above real property of or for the United States, any instrumentality thereof, or a county or city housing authority created pursuant to chapter 35.82 RCW, including the installing, or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation ~~(government contracting)~~.

~~(~~10.~~)~~ "Sale at retail" or "retail sale" shall not include the sale of services or charges made for the clearing of land and the moving of earth of or for the United States, any instrumentality thereof, or a county or city housing authority. Nor shall the term include the sale of services or charges made for cleaning up for the United States, or its instrumentalities, radioactive waste and other byproducts of weapons production and nuclear research and development. Instead, the services and charges herein ~~[This~~ should be reported under the service and other classification as defined under ACC 3.53.040(A)(7).~~]~~

~~(~~11.~~)~~ "Sale at retail" or "retail sale" shall not include the sale of or charge made for labor and services rendered for environmental remedial action. This should be reported under ACC 3.53.040(A)(7)~~[This should be reported under the service and other classification.]~~

~~(~~12. ~~) (a)~~ "Sale at retail" or "retail sale" shall include ~~shall also include the following~~ sales to consumers of digital goods, digital codes, and digital automated services.~~:~~

a. Applicable sales include the following:

i. ~~(i)~~ Sales in which the seller has granted the purchaser the right of permanent use;

ii. ~~(ii)~~ Sales in which the seller has granted the purchaser a right of use that is less than ~~-~~permanent;

iii. ~~(iii)~~ Sales in which the purchaser is not obligated to make continued payment as a condition of the sale; and

iv. ~~(iv)~~ Sales in which the purchaser is obligated to make continued payment as a condition of the sale.

b. ~~(b)~~ A retail sale of digital goods, digital codes, or digital automated services under ~~this subsection [insert reference to section .040(12)5(11)]~~ACC 3.53.020(PP)(12)(a) includes any services provided by the seller exclusively in connection with the digital goods, digital codes, or digital automated services, whether or not a separate charge is made for such services.

c. ~~(c)~~ A retail sale of digital goods, digital codes, or digital automated services does not include the following services if the sale occurs between members of an affiliated group as defined in RCW 82.04.299(1)(f):

~~(~~i.~~)~~ Any service that primarily involves the application of human effort by the seller, and the human effort originated after the customer requested the service;

~~(~~ii.~~)~~ Live presentations, such as lectures, seminars, workshops, or courses, where participants are connected to other participants via the internet or telecommunications equipment, which allows audience members and the presenter or instructor to give, receive, and discuss information with each other in real time;

~~(i)~~ iii. Advertising services. For purposes of this subsection, "advertising services" means all services directly related to the creation, preparation, production, or dissemination of advertisements. Advertising services include layout, art direction, graphic design, mechanical preparation, production supervision, placement, and rendering advice to a client concerning the best methods of advertising that client's products or services. Advertising services also include online referrals, search engine marketing and lead generation optimization, web campaign planning, the acquisition of advertising space in the internet media, and the monitoring and evaluation of website traffic for purposes of determining the effectiveness of an advertising campaign. Advertising services do not include web hosting services and domain name registration; and

~~(ii)~~iv. Data processing services. For purposes of this subsection, "data processing service" means a primarily automated service provided to a business or other organization where the primary object of the service is the systematic performance of operations by the service provider on data supplied in whole or in part by the customer to extract the required information in an appropriate form or to convert the data to usable information. Data processing services include check processing, image processing, form processing, survey processing, payroll processing, claim processing, and similar activities. Data processing does not include the service described in ~~subsection (insert reference) of this section~~ACC 3.53.020(PP)(6)(a).

~~(~~d.~~)~~ For purposes of this subsection, "permanent" means perpetual or for an indefinite or unspecified length of time. A right of permanent use is presumed to have been granted unless the agreement between the seller and the purchaser specifies or the circumstances surrounding the transaction suggest or indicate that the right to use terminates on the occurrence of a condition subsequent.

~~(~~13. ~~)~~ "Sale at retail" or "retail sale" shall also include the installing, repairing, altering, or improving of digital goods for consumers.

QQ. "Sale at wholesale" or "wholesale sale" means any sale of tangible personal property, digital goods, digital codes, digital automated services, prewritten computer software, custom software, customization of prewritten software to a consumer, or services described in subsection (PP)(5)(b) of this section, which is not a retail sale, and any charge made for labor and services rendered for persons who are not consumers, in respect to real or personal property and retail services, if such charge is expressly defined as a retail sale or retail service when rendered to or for consumers. Sale at wholesale also includes the sale of telephone business to another telecommunications company as defined in RCW 80.04.010 for the purpose of resale, as contemplated by RCW 35.21.715.

RR. "Service" means any sale or charge made for personal, business or professional service, including amounts designated as rents, fees, or admissions, not otherwise included within any other tax classification defined herein; provided, that the term "service" excludes retail or wholesale services.

SS. Software, Prewritten Software, Custom Software, Customization of Canned Software, Master Copies, Retained Rights.

1. "Prewritten software" or "canned software" means computer software, including prewritten upgrades, that is not designed and developed by the author or other creator to the specifications of a specific purchaser. The combining of two or more prewritten computer software programs or prewritten portions thereof does not cause the

combination to be other than prewritten computer software. Prewritten computer software includes software designed and developed by the author or other creator to the specifications of a specific purchaser when it is sold to a person other than such purchaser. Where a person modifies or enhances computer software of which such person is not the author or creator, the person shall be deemed to be the author or creator only of the person's modifications or enhancements. Prewritten computer software or a prewritten portion thereof that is modified or enhanced to any degree, where such modification or enhancement is designed and developed to the specifications of a specific purchaser, remains prewritten computer software; however, where there is a reasonable, separately stated charge or an invoice or other statement of the price given to the purchaser for the modification or enhancement, the modification or enhancement shall not constitute prewritten computer software.

2. "Custom software" means software created for a single person.

3. "Customization of canned software" means any alteration, modification, or development of applications using or incorporating canned software to specific individualized requirements of a single person. Customization of canned software includes individualized configuration of software to work with other software and computer hardware but does not include routine installation. Customization of canned software does not change the underlying character or taxability of the original canned software.

4. "Master copies" of software means copies of software from which a software developer, author, inventor, publisher, licensor, sublicensor, or distributor makes copies for sale or license. The software encoded on a master copy and the media upon which the software resides are both ingredients of the master copy.

5. "Retained rights" means any and all rights, including intellectual property rights such as those rights arising from copyrights, patents, and trade secret laws, that are owned or are held under contract or license by a software developer, author, inventor, publisher, licensor, sublicensor, or distributor.

6. "Software" means any information, program, or routine, or any set of one or more programs, routines, or collections of information, used, or intended for use, to convey information that causes one or more computers or pieces of computer-related peripheral equipment, or any combination thereof, to perform a task or set of tasks. "Software" includes the associated documentation, materials, or ingredients, regardless of the media

upon which that documentation is provided, that describe the code and its use, operation, and maintenance and that typically are delivered with the code to the consumer. All software is classified as either canned or custom.

TT. "Taxpayer" means any "person," as herein defined, required to have a business license under this chapter or liable for the collection of any tax or fee under this chapter, or who engages in any business or who performs any act for which a tax or fee is imposed by this chapter.

UU. "Tuition fee" includes library, laboratory, health service, and other special fees, and amounts charged for room and board by an educational institution when the property or service for which such charges are made is furnished exclusively to the students or faculty of such institution. "Educational institution," as used in this section, means only those institutions created or generally accredited as such by the state and includes educational programs that such educational institution cosponsors with a nonprofit organization, as defined by 26 USC 501(c)(3), as hereafter amended, if such educational institution grants college credit for coursework successfully completed through the educational program, or an approved branch campus of a foreign degree-granting institution in compliance with Chapter 28B.90 RCW, and in accordance with RCW 82.04.4332 or defined as a degree-granting institution under RCW 28B.85.010(3) and accredited by an accrediting association recognized by the United States Secretary of Education, and offering to students an educational program of a general academic nature or those institutions which are not operated for profit and which are privately endowed under a deed of trust to offer instruction in trade, industry, and agriculture, but not including specialty schools, business colleges, other trade schools, or similar institutions.

VV. "Value proceeding or accruing" means the consideration, whether money, credits, rights, or other property expressed in terms of money, a person is entitled to receive or which is actually received or accrued. The term shall be applied, in each case, on a cash receipts or accrual basis according to which method of accounting is regularly employed in keeping the books of the taxpayer.

WW. Value of Products.

1. The value of products, including by-products, extracted or manufactured, shall be determined by the gross proceeds derived from the sale thereof whether such sale is at wholesale or at retail, to which shall be added all subsidies and bonuses received from the

purchaser or from any other person with respect to the extraction, manufacture, or sale of such products or by-products by the seller.

2. Where such products, including by-products, are extracted or manufactured for commercial or industrial use; and where such products, including by-products, are shipped, transported or transferred out of the city, or to another person, without prior sale or are sold under circumstances such that the gross proceeds from the sale are not indicative of the true value of the subject matter of the sale; the value shall correspond as nearly as possible to the gross proceeds from sales in this state of similar products of like quality and character, and in similar quantities by other taxpayers, plus the amount of subsidies or bonuses ordinarily payable by the purchaser or by any third person with respect to the extraction, manufacture, or sale of such products. In the absence of sales of similar products as a guide to value, such value may be determined upon a cost basis. In such cases, there shall be included every item of cost attributable to the particular article or article extracted or manufactured, including direct and indirect overhead costs. The director may prescribe rules for the purpose of ascertaining such values.

3. Notwithstanding subsection (WW)(2) of this section, the value of a product manufactured or produced for purposes of serving as a prototype for the development of a new or improved product shall correspond to (a) the retail selling price of such new or improved product when first offered for sale; or (b) the value of materials incorporated into the prototype in cases in which the new or improved product is not offered for sale.

XX. "Warehouse" means every structure or any part thereof that is used for the storage of merchandise, goods, wares, commodities, inventory, materials, equipment or other items (whether or not for compensation) in furtherance of engaging in business, including but not limited to the following:

1. "Storage warehouse" means a building or structure, or any part thereof, in which goods, wares, or merchandise are stored whether or not for compensation, except field warehouses, fruit warehouses, fruit packing plants, unroasted coffee bean warehouses, warehouses licensed under Chapter 22.09 RCW (which are agricultural commodities warehouses), public garages storing automobiles, railroad freight sheds, docks and wharves.

2. "Cold storage warehouse" means a storage warehouse used to store fresh and/or frozen perishable fruits or vegetables, meat, seafood, dairy products, or fowl, or any

combination thereof, at a desired temperature to maintain the quality of the product for orderly marketing. This term does not include freezer space or frozen food lockers.

3. "Automobile storage garage" means any off-street building, structure, or area where vehicles are parked or stored, for any period of time, for a charge.

YY. "Warehouse, outdoor" means an area that is outdoors and is primarily used for the storage of merchandise, goods, wares, commodities, inventory, materials, equipment or other items (whether or not for compensation) in furtherance of engaging in business.

ZZ. "Wholesaling" means engaging in the activity of making sales at wholesale~~,~~ and is reported under the wholesaling classification.

....

## 3.62.020 Reserved. ~~Exemption from tax return and payment requirements.~~

~~Taxpayers claiming an exemption under this section must submit a written exemption request to the director. The director must approve an exemption request in writing before a taxpayer will be granted an exemption from the tax and return requirements in this chapter. (Ord. 6964 § 2 (Exh. B), 2025; Ord. 6921 § 1 (Exh. A), 2023.)~~

## 3.62.030 Tax return filing and payment requirements.

A. *Taxpayers Subject to the Tax Imposed by Chapters 3.40, 3.41, 3.42, 3.80, 3.84 and 3.88 ACC.* Taxpayers subject to these chapters shall record and report tax due on a city tax return form, and shall file the return and pay the corresponding tax due to the city finance director, as follows:

1. *Taxpayers With Gross Income of $20,000 per Month or Less.* ~~Unless ACC 3.62.020(A) applies, t~~The taxes imposed by those chapters shall be due annually~~,~~ and paid on or before April 30th of the year following the year in which the income was received.

2. *Taxpayers With Gross Income Exceeding $20,000 per Month.* The taxes imposed by those chapters shall be due in quarterly installments, and paid on or before the thirtieth day of the month after the end of the quarterly period in which the income was received.

B. *Taxpayers Subject to the Tax Imposed by Chapter 3.52 ACC.* Taxpayers subject to the tax imposed by Chapter 3.52 ACC shall record and report tax due on a city tax return form. Tax owed under this chapter is due and payable in quarterly installments and shall be paid on or before the thirtieth day of the month after the end of the quarterly period in which the taxpayer received the income.

C. If a taxpayer is subject to multiple taxes imposed under different Chapters 3.40, 3.41, 3.52, 3.53, 3.80, 3.84 and 3.88 ACC, a taxpayer shall report all taxes on the same city tax return form, using the same filling frequency, determined in accordance with subsections (A)(1), (A)(2) and B of this section.

D. The director reserves the right to review and reassign the tax return filing frequencies in this section case by case.

E. *Taxpayer Accounting Methods.* Taxpayers may file tax returns listing amounts based on cash receipt only if the taxpayer's records are kept on a cash basis. Otherwise, taxpayers must file returns listing amounts based on an accrual accounting method.

F. Taxes shall be paid as provided in this chapter and accompanied by a return on the city authorized tax forms as prescribed by the director. Taxpayer returns shall be signed by the taxpayer or by their authorized agent. The individual signing the return shall swear or affirm that the return information is true and complete. Unless exempt from taxation under ACC 3.62.020, taxpayers must file city tax returns whether or not any tax is owed.

G. Unless otherwise provided in this chapter, if any taxpayer fails, neglects or refuses to make a return as and when required in this chapter, the director is authorized to determine the amount of the tax or fees payable by obtaining facts and information upon which to base the director's estimate of the tax or fees due. Such assessment shall be deemed prima facie correct and shall be the amount of tax owed to the city by the taxpayer. The director shall notify the taxpayer by mail of the amount of tax so determined, together with any penalty, interest, and fees due; the total of such amounts shall thereupon become immediately due and payable.

**The Auburn City Code is current through Ordinance 6983, passed July 21, 2025.**



City Website: www.auburnwa.gov

Hosted by General Code.

**AGENDA BILL APPROVAL FORM**

**Agenda Subject:**
4th Quarter 2025 Financial Report (Thomas) (30 Minutes)

**Meeting Date:**
April 27, 2026

**Department:**
Finance

**Attachments:**
Presentation, Financial Report through Dec 2025

**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 December 31, 2025, based on financial data available as of March 30, 2026.

**Councilmember:** Hanan Amer

**Staff:** Jamie Thomas

# City of Auburn
# 4th Quarter 2025
# Financial Report

CITY COUNCIL STUDY SESSION

APRIL 27, 2026

# General Fund Revenue Overview

## Summary

- Collected 6% more revenue compared to budget and 1% more than YTD last year
- Underspent the budgeted expenditures by 10% and have spent 24% more compared to YTD last year

| Revenue | 2024 YTD Actual | 2025 YTD Budget | 2025 YTD Actual | Variance to Budget Favorable (Unfavorable) | % | Variance to 2024 Favorable (Unfavorable) | % |
|---|---|---|---|---|---|---|---|
| Property Tax | $ 24,780,732 | $ 25,302,800 | $ 25,483,497 | 180,697 | | 702,765 | |
| Sales Tax | 22,905,129 | 22,579,330 | 23,034,634 | 455,304 | | 129,505 | |
| Utility Tax | 15,787,679 | 16,276,940 | 17,616,984 | 1,340,044 | | 1,829,305 | |
| B&O Tax* | 11,605,183 | 11,691,700 | 13,356,573 | 1,664,873 | | 1,751,390 | |
| Other Tax | 5,353,576 | 5,111,800 | 5,489,038 | 377,238 | | 135,462 | |
| Licenses and Permits | 2,606,551 | 2,949,600 | 2,820,000 | (129,600) | | 213,449 | |
| Intergovernmental | 7,967,969 | 8,416,714 | 6,780,956 | (1,635,758) | | (1,187,013) | |
| Charges for Services | 10,714,661 | 11,536,032 | 12,616,920 | 1,080,888 | | 1,902,259 | |
| Other | 8,363,404 | 4,884,076 | 8,154,320 | 3,270,244 | | (209,084) | |
| Transfers In | 4,790,709 | 206,558 | 206,558 | - | | (4,584,151) | |
| **Total Revenue** | **$ 114,875,593** | **$ 108,955,550** | **$ 115,559,480** | **$ 6,603,930** | **6%** | **$ 683,887** | **1%** |
| **Total Expenditures** | **$ 99,651,133** | **$ 136,944,491** | **$ 123,518,995** | **$ 13,425,496** | **10%** | **$ (23,867,862)** | **-24%** |

# Tax Revenue

2025 budgeted taxes account for $81 million, or 74% of the General Fund budget

**Property Tax (31% of taxes)**

- $25.3 million 2025 budget
- Collected 100% at year-end

**Retail Sales and Use Tax (28% of taxes)**

- $22.6 million 2025 budget
- $130,000 (1%) over prior YTD actual
- $455,000 (2%) over YTD budget

# Tax Revenue

| Comparison of Retail Sales Tax Collections by Group Through December 2025 | | | | |
|---|---|---|---|---|
| Component Group | 2024 YE Actual | 2025 YE Actual | Change from 2024 Amount | Change from 2024 Percentage |
| Construction | $ 2,710,442 | $ 2,497,143 | $ (213,300) | (7.9) % |
| Manufacturing | 477,151 | 564,027 | 86,877 | 18.2 % |
| Transportation & Warehousing | 321,173 | 344,050 | 22,877 | 7.1 % |
| Wholesale Trade | 1,611,967 | 1,586,089 | (25,878) | (1.6) % |
| Automotive | 4,915,894 | 5,233,481 | 317,587 | 6.5 % |
| Retail Trade | 6,517,742 | 6,494,811 | (22,931) | (0.4) % |
| Services | 5,927,009 | 5,900,530 | (26,479) | (0.4) % |
| Miscellaneous | 423,751 | 414,503 | (9,248) | (2.2) % |
| | | | | |
| YE Total | $ 22,905,129 | $ 23,034,634 | $ 129,506 | 0.6 % |

Construction: Decrease from completion of school construction projects

Manufacturing: Increase from transportation equipment

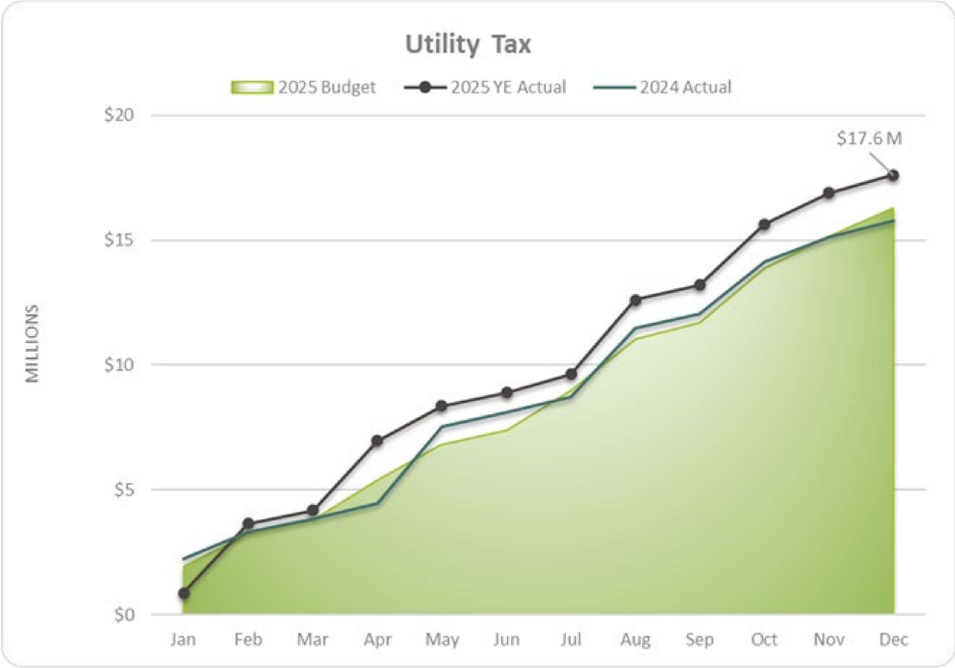
Transportation: Increase in support activities and couriers

Automotive: More than half of the increase is related to one new tax payer

# Tax Revenue

**Utility Tax (20% of taxes)**

- $16.3 million 2025 budget
  - Water, Sewer, Storm, Solid Waste Utility Tax rate 9% ($8.1 million of total budget)
  - Electric, Natural Gas, Cable, and Telephone Utility Tax rate 5% ($8.2 million of total budget)
- $1.3 million (8%) over budget
  - Higher than expected collections from external utilities (water, sewer, and solid waste)
- $1.8 million (12%) over prior year
  - Increased water, sewer, storm, and solid waste rates



# Tax Revenue

**Business and Occupation Tax (B&O) (14% of total taxes)**

- $11.7 million 2025 budget
- $13.4 million collected YTD
  - $7.8 million in gross receipts tax (58%)
  - $5.6 million in square foot tax (42%)
- $1.7 million (14%) over YTD budget
  - $1.0 million in delinquent taxes included

**Other Taxes (6% of total taxes)**

- $5.1 million 2025 budget
- Criminal justice sales tax, admissions tax, gambling tax, leasehold excise tax, franchise fees
- $377,000 (7%) over 2025 YTD budget
- $135,000 (3%) over 2024 YTD collections
- Both variances are mostly due to higher gambling tax collections

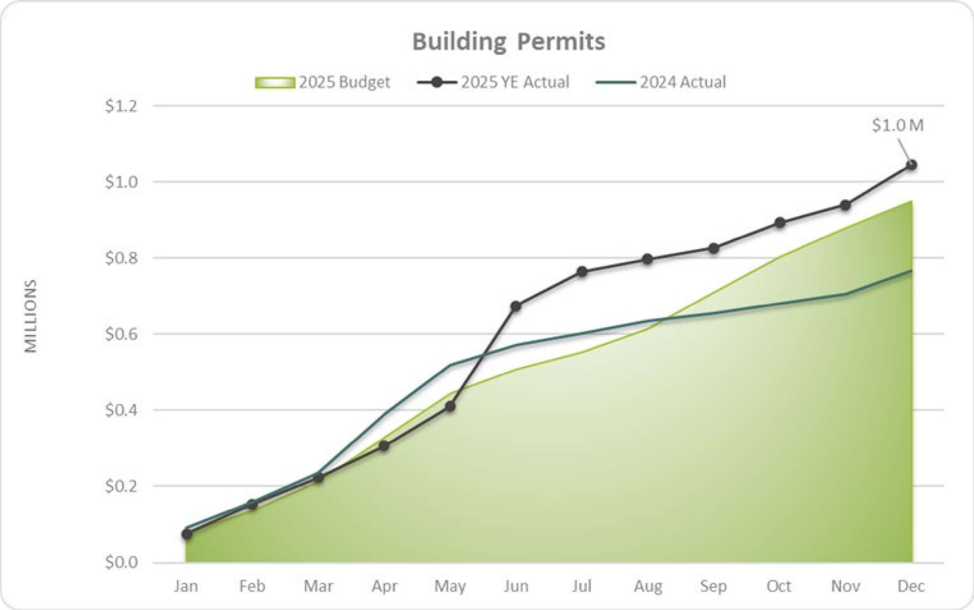
# Licenses and Permits

Accounts for 3% of the total General Fund Resources

$2.9 million budgeted in 2025
- Half of this ($1.4 million building permit revenue)

$129,000 (4%) under budget

$213,000 (8%) over prior year
- Business license and building permit revenue is outperforming prior year and budget
- Offset by decreases in other permit and licensing fees



# Intergovernmental

Revenues include: Federal/State/Interlocal Grants, Muckleshoot Indian Tribe (MIT) Compact, State Shared Revenue

- State Shared Revenue:
  - Streamlined Sales Tax, Motor Vehicle Excise Tax (MVET), Marijuana/Liquor excise taxes, Criminal Justice Sales Tax

$1.6 million (19%) under 2025 YTD budget

- Timing of grant collection, less collection of MVET

$1.2 million (15%) under 2024 YTD collections

- Timing of contribution payment from the MIT compact and grants, less MVET collected, less streamlined sales tax mitigation

# Charges for Services

General Government - $3,500 above budget (.1%)

- Timing of SKHHP Payments – Reimbursement basis

Public Safety - $402,000 above budget (33%)

- Extra duty services

Development Services - $87,000 above budget (4%)

- Large favorable variances in plan check fees, FAC charges, and zoning and subdivision fees were offset by unfavorable variances in other planning and development fees

Culture and Recreation - $589,000 above budget (19%)

- Green fees and pro shop sales account for $375k increase over budget, other recreation program revenues account for remaining amount

# Other

Fines and Penalties

- $867,000 over 2024 YTD budget (34%)
- B&O fines and penalties accounts for $660,000 of this favorable varience

Interest and Investment Earnings

- $1.8 million over 2025 YTD budget (106%)
- $324,000 over 2024 YTD (15%)

# General Fund Expenditures by Department

| Department | 2024 YTD Actual | 2025 YTD Budget | 2025 YTD Actual | Budget vs Actual $ | Budget vs Actual % |
|---|---|---|---|---|---|
| Council, Mayor, Admin | 2,754,638 | 2,750,081 | 2,607,770 | 142,311 | 5% |
| Office of Equity | 868,952 | 1,051,203 | 510,927 | 540,276 | 51% |
| Municipal Court | 3,324,616 | 4,280,658 | 4,378,799 | (98,141) | -2% |
| Community Development | 6,649,256 | 8,920,635 | 7,171,350 | 1,749,285 | 20% |
| Human Services | 3,090,240 | 5,176,012 | 2,710,974 | 2,465,038 | 48% |
| Public Works | 5,044,662 | 4,910,158 | 4,904,346 | 5,812 | 0% |
| Streets (M&O) | 4,773,367 | 5,901,844 | 5,973,516 | (71,672) | -1% |
| Parks, Art, and Recreation | 16,689,872 | 17,924,001 | 16,559,667 | 1,364,334 | 8% |
| Police | 34,780,325 | 41,912,572 | 39,399,219 | 2,513,353 | 6% |
| SCORE | 4,865,975 | 6,065,000 | 6,064,586 | 414 | 0% |
| Internal Services (HR, Finance, Legal, Nondepartment) | 16,809,230 | 37,782,327 | 33,237,842 | 4,544,485 | 12% |
| **Total** | **$ 99,651,133** | **$136,674,491** | **$123,518,996** | **$ 13,155,495** | **10%** |

# ARPA Update

| Title | Budget | 2025 Q4 Spend | Lifetime Spend (includes this quarter) | Remaining |
|---|---|---|---|---|
| **Completed Projects** | **4,517,064** | - | 4,517,064 | - |
| Neighborhood Street Light Program | **1,730,000** | - | 1,678,053 | 51,947 |
| Neighborhood Traffic Calming | **200,000** | - | 170,000 | 30,000 |
| Traffic Signals | **135,000** | 84,030 | 135,000 | - |
| Human Services Grants Includes Admin | **1,000,000** | - | 445,882 | 554,118 |
| Theater | **389,700** | - | - | 389,700 |
| Tyler Tech Financial Implementation | **301,500** | 301,500 | 301,500 | - |
| 2023 Local Street Preservation | **148,167** | 10,627 | 58,793 | 89,374 |
| Translation Services | **25,000** | - | 1,685 | 23,315 |
| Cyber Security Locks | **50,000** | 50,000 | 50,000 | - |
| Auburn Way South Roundabout | **150,000** | - | 53,924 | 96,076 |
| Emergency Housing Voucher Program | **2,000,000** | 46,725 | 868,872 | 1,131,128 |
| DEI Dashboard (Inclusive Auburn) | **130,000** | - | 92,805 | 37,195 |
| Downtown Infrastructure Improvements includes Theater | **1,819,409** | 731,544 | 1,555,477 | 263,932 |
| Community Violence Intervention Programs (Drone, SPIDR Tech) | **236,248** | - | 204,436 | 31,812 |
| **Other Projects (not started)** | **1,919,144** | - | - | 1,919,143 |
| **Total:** | **14,751,231** | **1,207,029** | **10,133,491** | **4,617,740** |

# Non-General Fund Highlights – Capital

Real Estate Excise Tax (REET)

- YTD Collections: $3.6 million
- $1.9 million less prior year
- $1.8 million over YTD budget

# Non-General Fund Highlights – Enterprise Funds

Water, Sewer and Stormwater Utilities

- Before capital contributions, each utility ended the year with operating incomes: $8.4 million, $5.1 million, and $1.3 million, respectively
- Overall 2025 Ending Fund Balance: $23.3 million, $35 million, and $25 million
  - Water Fund Balance ended the year $13.8 million favorable to budget due largely to unspent budgeted capital items ($12.9 million)
  - Sewer Fund Balance ended the year $16.6 million favorable to budget due largely to unspent budgeted capital items ($13.3 million)
  - Stormwater Fund Balance ended the year $15.2 million favorable to budget due largely to unspent budgeted capital items ($14.2 million)

Solid Waste Utility

- Overall Ending Fund Balance: $2.8 million ($822k greater than budgeted)
- Planned losses in prior years to smooth rate increases over 2022-2024

# Questions

This report provides an overview of the City's overall cash-basis financial position for the fiscal year ending December 31, 2025, reflecting data available as of March 20, 2026. The City's fiscal year is the same as the calendar year. References to budget, actual and prior year amounts reflect year-to-date numbers, unless stated otherwise. Year-to-date performance expectations are generally based on the two prior years of data.

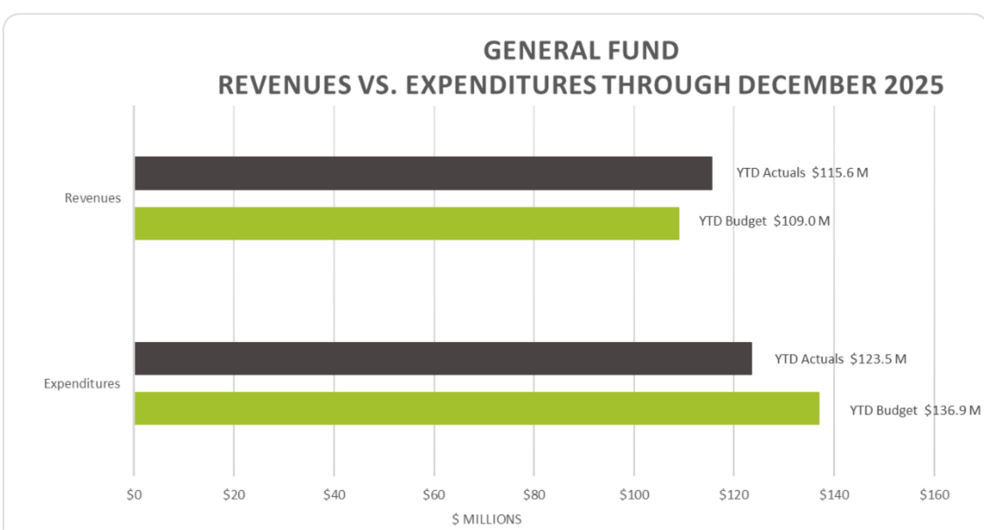
**General Fund Overview**

Although 2024 closed favorable to both revenue and expenditure projections, the new year began with a higher degree of uncertainty. The favorable variances experienced last year were anticipated to be more moderate in 2025. With the adoption of Ordinance No. 7000 in November 2025, the annual budget consists of $109.0 million in revenues and $136.9 million in expenditures - a planned decrease in General Fund balance of $28.0 million.

Throughout 2025, the General Fund outperformed revenue expectations by $6.6 million or 6%. General Fund revenue collections were $684,000 or 1% higher than in 2024; controlling for the final transfer-in of ARPA monies to the General Fund last year, 2025 revenues were still $4.9 million higher than 2024. A major driver of the favorable variance was Business and Occupation (B&O) tax revenue. The City collected $13.4 million in B&O taxes including backdated payments. Although the program has had strong performance since its inception in 2022, the City anticipates B&O revenues will eventually plateau as collections of back taxes decrease. As noted later in the report, this City's investment portfolio outperformed budget expectations and collected $1.8 million higher than expected.

Conversely, the photo enforcement program generated $1.9 million in revenue in 2025. This is short of projections by $262,000 and below last year's collection of $2.7 million, slightly mitigating some of the favorable variance. The City also saw expenditures increase from the same period last year by $23.9 million or 24%. This was due to planned increases in overhead costs, professional services (citywide projects and improvements), insurance premiums, and a transfer of $15 million from the General Fund to the Cumulative Reserve fund.

Overall, General Fund revenues collected throughout 2025 totaled $115.6 million as compared to the annual budget of $109.0 million, and were $6.6 million, or **6% above** budget expectations. General Fund expenditures totaled $123.5 million compared to the annual budget of $136.9 million, resulting in a $13.4 million or **10% underspend**.



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

- Interest and Investment Earnings: Interest and investment earnings totaled $2.5 million in collections and hold a $1.8 million higher than budgeted. The City had a large investment mature during this time, contributing to the favorable variance. **[*pages 3-4 & 21*]**

- Business & Occupation Tax: Collections totaled $13.4 million, exceeding the annual budget expectation by $1.7 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. **[*page 11*]**

- Intergovernmental: Revenues totaled $6.8 million and were $1.6 million lower than budget expectations. This variance is primarily due to the timing of federal and state grant reimbursements. Because these grants are typically received after eligible costs are incurred, lower revenues in this category generally align with lower expenditures on the related projects or programs. These variances are common and expected to resolve as the projects progress. **[*pages 16-17*]**

- Fines and Penalties: Revenues totaled $3.4 million, exceeding budget projections by $867,000 or 34%. This is mainly due to the fines and penalties assessed on backdated B&O taxes, which generated $1.0 million during the year and accounted for 27% of revenues collected in this category. In contrast, photo enforcement collections declined $730,000 or 27% compared to the prior year. This was anticipated by the City as the program goal of increasing safety takes effect; reduced collections reflect increased compliance. **[*pages 20-21*]**

- Solid Waste Tax (External): Revenues collected totaled $1.8 million, significantly above the expected budget amount of $898,000. This was mainly due to solid waste haulers increasing rates at the beginning of the year. These revenues were also above prior year totals by $413,000 or 31%. The City is expecting this trend to continue throughout next year. **[*pages 11-13*]**

- Culture and Recreation: Revenues collected totaled $3.6 million, surpassing budget expectations by $590,000 or 19%. This is mainly due to the collections from the golf course and recreation classes. These sources contribute 83% of the total revenues collected in this category. **[pages 19-20]**

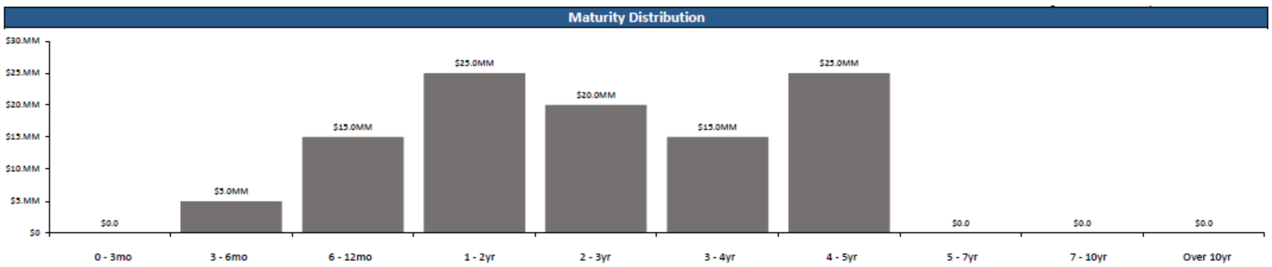
Expenditures: Most of the City's departments operated within annual expectations throughout 2025, with some variances due to the timing of professional services payments. Overall, General Fund expenditures were $13.4 million below budget. A key contributor to the variance was savings in salaries and benefits expenses of roughly $4.3 million; as of the compilation of this report, there were 26 vacant regular full-time positions in the City. In addition, services and charges were approximately $4.8 million below budget, due in part to the timing of spending on non-ARPA related projects currently in progress.

## Citywide Cash and Investments

As of December 31, 2025, the City of Auburn's Investment Portfolio is comprised of liquid balances (62.9%), investments in agencies (21.2%), and treasuries (15.9%).

Liquid balances are comprised of the City's cash balances plus the amount invested in the State's Local Government Investment Pool (LGIP). The LGIP is operated by the State Treasurer, and provides a "safe, liquid, and competitive" investment option for Washington local governments. The City can access and withdraw the entire amount of LGIP and cash balances at any time. As of December 31, the City maintained a balance of $153.3 million with the LGIP and $24.4 million in cash.

The City's investment portfolio also includes 21 current investments in agencies and treasuries, each with a par value of $5 million for a total of $105 million. As of December 31, the market value of these investments was $105.8 million. As depicted in the graphic below, all investments mature within a 5-year period, with the highest amount of cash flow coming in 1-2 and 4-5 years ($25 million).




The table below details the current position of the City's investments through the end of the year. As illustrated in the unrealized gain/loss column, the City currently holds an overall gain of roughly $1.1 million. This is calculated by subtracting the book value (value of investment after liabilities are backed out) against the market value (current price of investment on the market). As the investments move closer to maturity, the unrealized gain/loss will fluctuate based on current market conditions.

**Amortization/Accretion Book Calculations**

| # | CUSIP/Sec-ID | Sec Desc 1 | Cpn | Mat Dt | Par Value | Cost | Purch Px | Book Val | Book Px | Book YTM | Mkt Val | Mkt Px | Mkt YTM | Unrealized Gain/Loss |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 3133EPPR0 | FFCB | 4.63 | 4/10/2026 | 5,000,000 | 5,012,180 | 100.24 | 5,000,707 | 100.01 | 4.48 | 5,028,750 | 100.58 | 2.47 | 28,043 |
| 2 | 3133EPPE9 | FFCB | 4.38 | 7/6/2026 | 5,000,000 | 4,989,635 | 99.79 | 4,998,082 | 99.96 | 4.45 | 5,017,324 | 100.35 | 3.69 | 19,241 |
| 3 | 3130AXCP1 | FEDERAL HOME LOAN BANK EN· | 4.88 | 9/11/2026 | 5,000,000 | 5,029,315 | 100.59 | 5,007,304 | 100.15 | 4.65 | 5,065,000 | 101.30 | 2.96 | 57,696 |
| 4 | 912828YX2 | T | 1.75 | 12/31/2026 | 5,000,000 | 4,612,470 | 92.25 | 4,881,253 | 97.63 | 4.20 | 4,914,200 | 98.28 | 3.51 | 32,947 |
| 5 | 31424WAF9 | FAMCA | 4.88 | 4/1/2027 | 5,000,000 | 5,026,830 | 100.54 | 5,010,151 | 100.20 | 4.70 | 5,079,551 | 101.59 | 3.56 | 69,400 |
| 6 | 3130AWBZ2 | FHLB | 4.13 | 6/11/2027 | 5,000,000 | 4,977,590 | 99.55 | 4,991,189 | 99.82 | 4.25 | 5,044,842 | 100.90 | 3.48 | 53,652 |
| 7 | 91282CFH9 | TREAS SER AC-202 | 3.13 | 8/31/2027 | 5,000,000 | 4,862,025 | 97.24 | 4,933,273 | 98.67 | 3.96 | 4,971,300 | 99.43 | 3.48 | 38,027 |
| 8 | 31422XH70 | FAMCA | 3.79 | 10/4/2027 | 5,000,000 | 4,853,535 | 97.07 | 4,930,410 | 98.61 | 4.62 | 5,012,550 | 100.25 | 3.64 | 82,140 |
| 9 | 91282CGC9 | TREAS SER AH-202 | 3.88 | 12/31/2027 | 5,000,000 | 5,045,630 | 100.91 | 5,028,223 | 100.56 | 3.58 | 5,037,300 | 100.75 | 3.49 | 9,077 |
| # | 91282CBS9 | TREAS SER J-2028 | 1.25 | 3/31/2028 | 5,000,000 | 4,365,915 | 87.32 | 4,659,289 | 93.19 | 4.47 | 4,761,328 | 95.23 | 3.48 | 102,039 |
| # | 91282CHK0 | TREAS SER AA-202 | 4.00 | 6/30/2028 | 5,000,000 | 5,013,895 | 100.28 | 5,008,254 | 100.17 | 3.93 | 5,058,600 | 101.17 | 3.51 | 50,346 |
| # | 91282CHX2 | TREAS SER AC-202 | 4.38 | 8/31/2028 | 5,000,000 | 5,096,385 | 101.93 | 5,058,026 | 101.16 | 3.91 | 5,110,156 | 102.20 | 3.50 | 52,130 |
| # | 3133EPA47 | FFCB | 4.88 | 11/1/2028 | 5,000,000 | 5,082,540 | 101.65 | 5,049,057 | 100.98 | 4.50 | 5,180,547 | 103.61 | 3.52 | 131,490 |
| # | 3133EP4A0 | FFCB | 4.25 | 2/28/2029 | 5,000,000 | 5,051,305 | 101.03 | 5,033,597 | 100.67 | 4.02 | 5,100,900 | 102.02 | 3.57 | 67,303 |
| # | 31424WHP0 | FAMCA | 4.65 | 4/26/2029 | 5,000,000 | 5,007,390 | 100.15 | 5,005,021 | 100.10 | 4.62 | 5,168,100 | 103.36 | 3.57 | 163,079 |
| # | 31424WNH1 | FAMCA | 3.63 | 9/4/2029 | 5,000,000 | 5,003,400 | 100.07 | 5,002,373 | 100.05 | 3.61 | 4,988,150 | 99.76 | 3.69 | (14,223) |
| # | 91282CGB1 | TREAS SER T-2029 | 3.88 | 12/31/2029 | 5,000,000 | 4,935,795 | 98.72 | 4,947,985 | 98.96 | 4.16 | 5,045,898 | 100.92 | 3.63 | 97,913 |
| # | 3130AV5P3 | FEDERAL HOME LOAN BANKS E | 4.38 | 3/8/2030 | 5,000,000 | 5,111,000 | 102.22 | 5,096,470 | 101.93 | 3.87 | 5,140,406 | 102.81 | 3.64 | 43,936 |
| # | 3133ETBF3 | FFCB | 4.00 | 4/1/2030 | 5,000,000 | 5,040,550 | 100.81 | 5,034,753 | 100.70 | 3.82 | 5,061,350 | 101.23 | 3.68 | 26,597 |
| # | 91282CHJ3 | T | 3.75 | 6/30/2030 | 5,000,000 | 4,988,700 | 99.77 | 4,989,707 | 99.79 | 3.80 | 5,021,680 | 100.43 | 3.64 | 31,973 |
| # | 91282CPN5 | US TREASURY | 3.50 | 11/30/2030 | 5,000,000 | 4,975,150 | 99.50 | 4,975,282 | 99.51 | 3.61 | 4,954,300 | 99.09 | 3.70 | (20,982) |
| TOTAL and AVERAGES | | | | | 105,000,000 | 104,081,235 | | 104,640,409 | | 4.15 | 105,762,232 | | 3.50 | 1,121,823 |

The current cash-flow projections for 2025 can be seen below. Projected collections from investments in the upcoming year total $24.0 million and average $6.0 million of collections per quarter. The current structure of maturing investments creates a consistent inflow of cash throughout the year, making it easier for the City to manage its cash flow accordingly.

**Extended Cash-Flows**

| # | Cusip | Par Value | Jan-26 | Feb-26 | Mar-26 | Apr-26 | May-26 | Jun-26 | Jul-26 | Aug-26 | Sep-26 | Oct-26 | Nov-26 | Dec-26 | Year 1 Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 3133EPPR0 | 5,000,000 | 0 | 0 | 0 | 5,115,625 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,115,625 |
| 2 | 3133EPPE9 | 5,000,000 | 109,375 | 0 | 0 | 0 | 0 | 0 | 5,109,375 | 0 | 0 | 0 | 0 | 0 | 5,218,750 |
| 3 | 3130AXCP1 | 5,000,000 | 0 | 0 | 121,875 | 0 | 0 | 0 | 0 | 0 | 5,121,875 | 0 | 0 | 0 | 5,243,750 |
| 4 | 912828YX2 | 5,000,000 | 0 | 0 | 0 | 0 | 0 | 43,750 | 0 | 0 | 0 | 0 | 0 | 5,043,750 | 5,087,500 |
| 5 | 31424WAF9 | 5,000,000 | 0 | 0 | 0 | 121,875 | 0 | 0 | 0 | 0 | 0 | 121,875 | 0 | 0 | 243,750 |
| 6 | 3130AWBZ2 | 5,000,000 | 0 | 0 | 0 | 0 | 0 | 103,125 | 0 | 0 | 0 | 0 | 0 | 103,125 | 206,250 |
| 7 | 91282CFH9 | 5,000,000 | 0 | 78,125 | 0 | 0 | 0 | 0 | 0 | 78,125 | 0 | 0 | 0 | 0 | 156,250 |
| 8 | 31422XH70 | 5,000,000 | 0 | 0 | 0 | 94,750 | 0 | 0 | 0 | 0 | 0 | 94,750 | 0 | 0 | 189,500 |
| 9 | 91282CGC9 | 5,000,000 | 0 | 0 | 0 | 0 | 0 | 96,875 | 0 | 0 | 0 | 0 | 0 | 96,875 | 193,750 |
| 10 | 91282CBS9 | 5,000,000 | 0 | 0 | 31,250 | 0 | 0 | 0 | 0 | 0 | 31,250 | 0 | 0 | 0 | 62,500 |
| 11 | 91282CHK0 | 5,000,000 | 0 | 0 | 0 | 0 | 0 | 100,000 | 0 | 0 | 0 | 0 | 0 | 100,000 | 200,000 |
| 12 | 91282CHX2 | 5,000,000 | 0 | 109,375 | 0 | 0 | 0 | 0 | 0 | 109,375 | 0 | 0 | 0 | 0 | 218,750 |
| 13 | 3133EPA47 | 5,000,000 | 0 | 0 | 0 | 0 | 121,875 | 0 | 0 | 0 | 0 | 0 | 121,875 | 0 | 243,750 |
| 14 | 3133EP4A0 | 5,000,000 | 0 | 106,250 | 0 | 0 | 0 | 0 | 0 | 106,250 | 0 | 0 | 0 | 0 | 212,500 |
| 15 | 31424WHP0 | 5,000,000 | 0 | 0 | 0 | 116,250 | 0 | 0 | 0 | 0 | 0 | 116,250 | 0 | 0 | 232,500 |
| 16 | 31424WNH1 | 5,000,000 | 0 | 0 | 90,625 | 0 | 0 | 0 | 0 | 0 | 90,625 | 0 | 0 | 0 | 181,250 |
| 17 | 91282CGB1 | 5,000,000 | 0 | 0 | 0 | 0 | 0 | 96,875 | 0 | 0 | 0 | 0 | 0 | 96,875 | 193,750 |
| 18 | 3130AV5P3 | 5,000,000 | 0 | 0 | 109,375 | 0 | 0 | 0 | 0 | 0 | 109,375 | 0 | 0 | 0 | 218,750 |
| 19 | 3133ETBF3 | 5,000,000 | 0 | 0 | 0 | 100,000 | 0 | 0 | 0 | 0 | 0 | 100,000 | 0 | 0 | 200,000 |
| 20 | 91282CHJ3 | 5,000,000 | 0 | 0 | 0 | 0 | 0 | 93,750 | 0 | 0 | 0 | 0 | 0 | 93,750 | 187,500 |
| 21 | 91282CPN5 | 5,000,000 | 0 | 0 | 0 | 0 | 87,500 | 0 | 0 | 0 | 0 | 0 | 87,500 | 0 | 175,000 |
| | TOTAL | 105,000,000 | 109,375 | 293,750 | 353,125 | 5,548,500 | 209,375 | 534,375 | 5,109,375 | 293,750 | 5,353,125 | 432,875 | 209,375 | 5,534,375 | 23,981,375 |

## Street Funds Overview

The City's two street funds are special revenue funds with revenues sources and expenditures legally restricted for transportation purposes. These funds support street capital construction, as well as local and arterial street repair and preservation. Prior to 2025, this activity was distributed across three funds: Arterial Street, Local Street, and Arterial Street Preservation. Beginning in 2025, all construction activity was combined into one General Transportation Fund. The former Arterial Street Preservation Fund was repurposed as the Transportation Benefit District Fund, which now serves as the repository for restricted Transportation Benefit District revenues.

Most expenditures related to streets capital projects occur during the second half of the year, when weather conditions are optimal for pavement construction. Year-to-year variances between budgeted and actual amounts generally reflect the timing and activity level of projects and, correspondingly, the timing of associated grant reimbursements and other funding.

In 2025, construction activity increased significantly as many projects moved out of design and into active construction. This shift resulted in higher expenditure levels along with corresponding increases in grant reimbursement revenue.

**General Transportation** revenues in 2025 totaled $31.7 million compared to $11.3 million in 2024, while expenditures increased $10.6 million from $8.5 million in 2024 to $19.1 million in 2025. There were 41 active projects in this fund in 2025, compared to 52 active projects across the three streets funds in the prior year. As noted above, although the project count decreased from 2024, increased revenue and expenditure activity is due to the increase in construction activity for these projects during 2025. **[pages 25–26]**

**Transportation Benefit District** ("TBD") revenues through 2025 decreased $1.0 million compared to 2024, reflecting the fund's narrowed purpose in 2025 to receiving TBD revenues only. This revenue source remained relatively flat compared to the prior year, increasing only $54,000 to a total of $2.7 million in 2025. The fund also received $320,000 in total interest earnings, compared to $211,000 in the prior year.

The only expenditures in this fund in 2025 were operating transfers out. These transfers were triggered by costs incurred for arterial street preservation projects that were previously budgeted in this fund which are now recorded in the General Transportation Fund. Of the $3.7 million in operating transfers out budgeted in 2025, $1.7 million was transferred. The remaining $2.0 million will be included in our analysis for capital carryforwards into 2026, as activity for these projects is expected to continue. **[pages 27–28]**

## Enterprise Funds Overview

The City's enterprise funds account for operations with revenues primarily generated from user fees, charges, or contracts for services. In the prior year the City's cash and investment balances increased significantly due to increased interest rates and yields to maturity for the City's investment accounts. In 2025, as those investments matured, the enterprise funds continued to benefit from elevated interest income, though at a more moderate growth rate. Interest earnings across all enterprise funds increased $165,000 to $3.7 million compared to $3.5 million in the prior year.

The **Water Utility Fund** ended 2025 with an operating income of $8.4 million, an increase of approximately $722,000 over the prior year. Revenues for this fund were $22.7 million through 2025, compared to $20.2 million through 2024. These revenues were offset by $14.3 million in expenditures, compared to $12.6 million in 2024. In total, operating income had a $3.0 million favorable variance compared to the 2025 budget, driven by higher-than-expected revenues (+$2.6 million) and lower-than-budgeted expenditures (-$432,000). After factoring in non-operating revenues and expenses, such as capital construction and payment of debt service, the Water Utility experienced a modest overall increase to working capital of $195,000. **[pages 29–31]**

The **Sewer Utility Fund** ended 2025 with an operating income of $5.1 million, which is relatively flat compared to the $5.2 million reported in the same period last year. Operating revenues increased $971,000 from $12.1 million in 2024 to $13.1 million in 2025, but this was offset by a $1.1 million increase in operating expenses. Operating income was $3.1 million favorable to budget, driven by favorable variances in revenues (+$2.7 million) and expenditures (-$401,000). Net changes in non-operating income and capital project related activity increased the overall change in working capital for the Sewer Utility to $3.7 million. **[pages 31-32]**

The **Stormwater Utility Fund** ended 2025 with an operating income of $3.5 million compared to $3.4 million last year. Operating revenues totaled $14.5 million in 2025, up from $13.4 million in 2024, while operating expenses increased by $1.2 million, rising from $9.9 million to $11.1 million over the same period. Compared to the 2025 budget, operating income held a $1.4 million favorable variance due to favorable variances in both revenues (+$1.3 million) and expenditures (-$31,000). Net changes in non-operating income and capital project activity increased the overall change in working capital to $1.5 million. **[pages 32-33]**

The **Solid Waste Utility Fund** ended 2025 with an operating income of $938,000, up from $620,000 in the prior year. Operating revenues increased $2.2 million, rising from $31.0 million in 2024 to $33.1 million in 2025. Operating expenditures also increased, totaling $32.2 million compared to $30.3 million in 2024. Like the other enterprise funds, operating income was favorable to the 2025 budget, due to a $472,000 favorable variance in revenues and a $350,000 favorable variance in expenditures. **[pages 33-34]**

The **Airport Fund** ended 2025 with operating income of $416,000, which was $62,000 higher than operating income for the same period last year. Operating revenues also increased by $587,000, from $2.0 million in 2024 to $2.6 million in 2025. The increase in revenues was partially offset by a $525,000 year-over-year increase in operating expenditures. Overall, the Airport Fund had a favorable operating income budget variance of $321,000 in 2025. Factoring in additional expenditures related to capital projects this fund saw an increase of $730,000 in total working capital. **[page 34-35]**

The **Cemetery Fund** ended 2025 with operating income of $175,000, an increase of $89,000 compared to $86,000 through the same period last year. This improvement was driven by higher operating revenues (+$241,000), partially offset by a $152,000 increase in operating expenditures. Compared to budget, the Cemetery Fund had favorable budget variances in both operating revenues (+$481,000) and expenditures (-$83,000). Although $140,000 was spent on capital projects during the year, the Cemetery Fund still realized an increase in working capital of $34,000. **[pages 35-36]**

**Internal Service Funds Overview**

Internal service funds provide centralized support to other City departments and include functions such as **Insurance**, **Worker's Compensation**, **Facilities**, **Innovation & Technology**, and **Equipment Rental**. Internal service fund revenues are primarily driven by internal cost-allocation models, and year-to-date performance is best evaluated by analyzing expenditures and major expenditure variances. Revenue variances are discussed when they reflect non-allocation sources or otherwise materially affect fund performance.

The **Facilities Fund** budgeted $4.7 million in operating expenditures; however, due to timing differences between budgeted and actual professional services expenditures, expenditures in 2025 were $645,000 lower than expected. Most of the remaining budget for contracted professional services that were not completed in 2025 is expected to carry forward into 2026. Operating expenditures in 2025 were $4.0 million, $691,000 lower than 2024. The primary driver of this decrease was professional services (-$892,000) and was partially offset by increases in expenditures for interfund allocations (+$160,000) and supplies (+$56,000**).**

The **Equipment Rental Fund** saw a $4.6 million increase in interfund allocations, from $3.5 million in 2024 to $8.1 million in 2025, which included both budgeted vehicle replacements as well as carryforwards of replacements originally planned in the prior year. However, the fund recorded $6.9 million in vehicle replacement expenditures, which was $2.4 million lower than anticipated. This is due to timing differences between when the fund orders vehicles for replacement and when the vehicles are actually received and the expense is recorded. Additionally, replacement costs are collected over the life of the vehicle, meaning the fund's interfund replacement revenue will not always be aligned with the expenditures in a given year. Most of the remaining budget for these replacements is expected to be carried forward into 2026.

No other significant variances were reported in the Internal Service funds during 2025. **[page 36]**

## General Fund Details

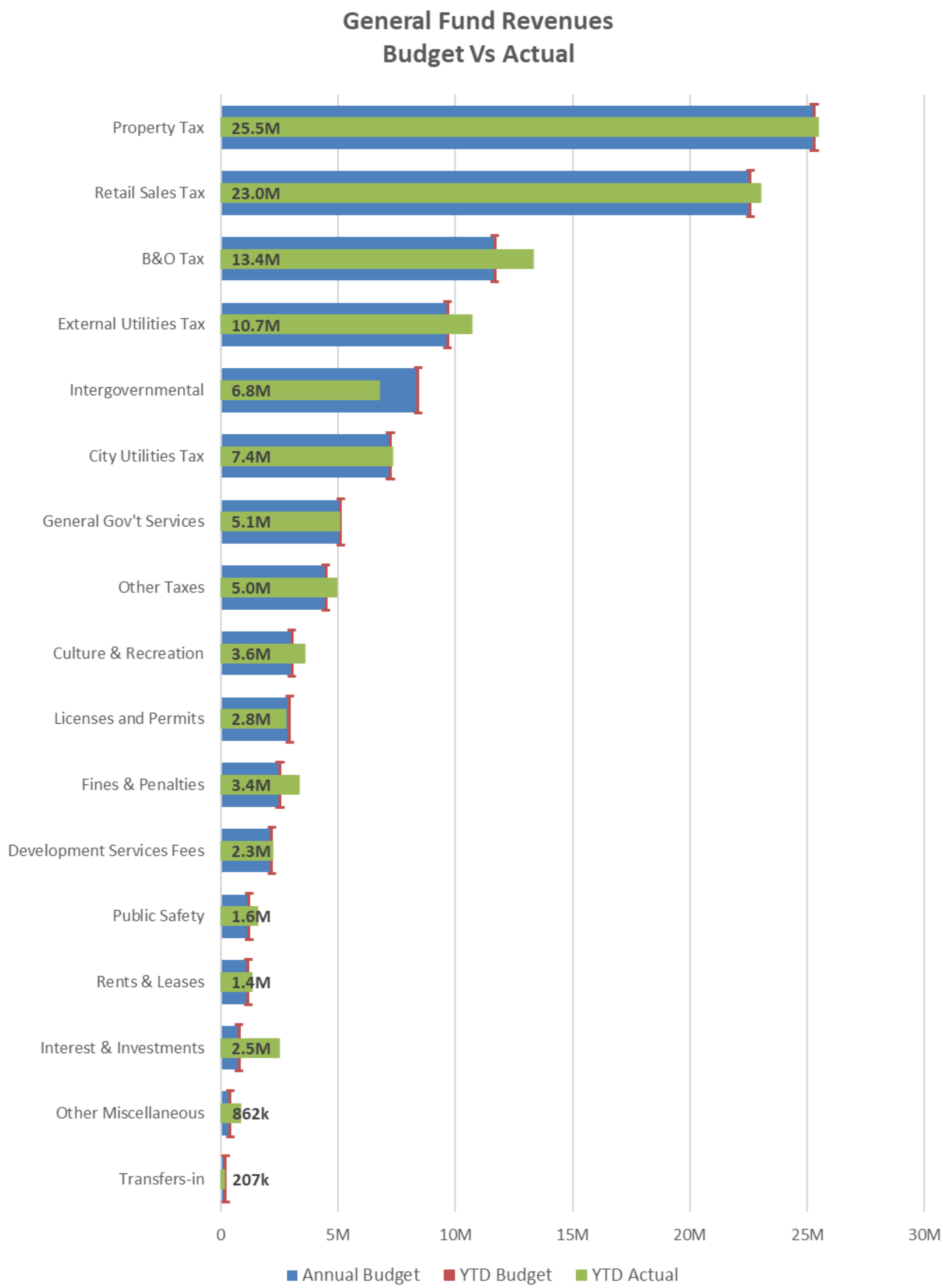
The General Fund is the City’s primary operating fund and supports most day-to-day services, including public safety, parks, planning and economic development, general government operations, and any other activity that is not legally required to be recorded in a separate fund.

The following chart provides a detailed breakdown of General Fund revenues and expenditures, organized by major revenue source and by department. With the exception of the Streets[1] and Municipal Court and Probation[2] departments, all departments operated within budget authority.

| General Fund | 2025 | | | 2025 YE Budget vs. Actual | | 2024 | 2024 YTD Actual vs. 2023 Actual | |
|---|---|---|---|---|---|---|---|---|
| Summary of Sources and Uses | Annual Budget | YE Budget | YE Actual | Favorable (Unfavorable) Amount | Percentage | YE Actual | Favorable (Unfavorable) Amount | Percentage |
| **Operating Revenues** | | | | | | | | |
| Property Tax | $ 25,302,800 | $ 25,302,800 | $ 25,483,497 | $ 180,697 | 0.7 % | $ 24,780,732 | $ 702,764 | 2.8 % |
| Retail Sales Tax | 22,579,330 | 22,579,330 | 23,034,634 | 455,304 | 2.0 % | 22,905,129 | 129,505 | 0.6 % |
| Affordable Housing Sales Tax Credit | 148,000 | 148,000 | 152,033 | 4,033 | 2.7 % | 149,352 | 2,681 | 1.8 % |
| Sales Tax - Pierce County Parks | 131,100 | 131,100 | 138,845 | 7,745 | 5.9 % | 135,512 | 3,333 | 2.5 % |
| Criminal Justice Sales Tax | 3,067,500 | 3,067,500 | 3,133,797 | 66,297 | 2.2 % | 3,056,862 | 76,935 | 2.5 % |
| Brokered Natural Gas Tax | 314,000 | 314,000 | 231,589 | (82,411) | (26.2) % | 240,833 | (9,244) | (3.8) % |
| City Utilities Tax | 7,228,200 | 7,228,200 | 7,368,741 | 140,541 | 1.9 % | 6,733,102 | 635,639 | 9.4 % |
| Business & Occupation Tax | 11,691,700 | 11,691,700 | 13,356,573 | 1,664,873 | 14.2 % | 11,605,183 | 1,751,390 | 15.1 % |
| Admissions Tax | 252,500 | 252,500 | 511,472 | 258,972 | 102.6 % | 702,930 | (191,458) | (27.2) % |
| Electric Tax | 4,895,800 | 4,895,800 | 5,216,570 | 320,770 | 6.6 % | 4,696,372 | 520,199 | 11.1 % |
| Natural Gas Tax | 1,417,400 | 1,417,400 | 1,521,337 | 103,937 | 7.3 % | 1,289,448 | 231,889 | 18.0 % |
| Cable Franchise Fee | 888,000 | 888,000 | 695,450 | (192,550) | (21.7) % | 753,919 | (58,468) | (7.8) % |
| Cable Utility Tax | 917,400 | 917,400 | 791,575 | (125,825) | (13.7) % | 798,527 | (6,952) | (0.9) % |
| Cable Franchise Fee - Capital | 51,200 | 51,200 | 33,948 | (17,252) | (33.7) % | 39,176 | (5,228) | (13.3) % |
| Telephone Tax | 606,240 | 606,240 | 731,413 | 125,173 | 20.6 % | 687,102 | 44,311 | 6.4 % |
| Solid Waste Tax (external) | 897,900 | 897,900 | 1,755,759 | 857,859 | 95.5 % | 1,342,295 | 413,464 | 30.8 % |
| Leasehold Excise Tax | 286,000 | 286,000 | 305,924 | 19,924 | 7.0 % | 303,727 | 2,196 | 0.7 % |
| Gambling Excise Tax | 287,500 | 287,500 | 517,568 | 230,068 | 80.0 % | 212,097 | 305,471 | 144.0 % |
| **Taxes sub-total** | **$ 80,962,570** | **$ 80,962,570** | **$ 84,980,726** | **$ 4,018,156** | **5.0 %** | **$ 80,432,299** | **$ 4,548,427** | **5.7 %** |
| Business License Fees | $ 585,100 | $ 585,100 | $ 717,518 | $ 132,418 | 22.6 % | $ 640,082 | $ 77,436 | 12.1 % |
| Building Permits | 950,200 | 950,200 | 1,045,143 | 94,943 | 10.0 % | 767,031 | 278,112 | 36.3 % |
| Other Licenses & Permits | 1,414,300 | 1,414,300 | 1,057,339 | (356,961) | (25.2) % | 1,199,438 | (142,099) | (11.8) % |
| Intergovernmental (Grants, etc.) | 8,416,714 | 8,416,714 | 6,780,956 | (1,635,758) | (19.4) % | 7,967,969 | (1,187,013) | (14.9) % |
| Charges for Services: | | | | | | | - | N/A |
| General Government Services | 5,114,176 | 5,114,176 | 5,117,690 | 3,514 | 0.1 % | 4,532,458 | 585,232 | 12.9 % |
| Public Safety | 1,215,556 | 1,215,556 | 1,617,121 | 401,565 | 33.0 % | 1,644,675 | (27,553) | (1.7) % |
| Development Services Fees | 2,175,100 | 2,175,100 | 2,261,827 | 86,727 | 4.0 % | 1,138,214 | 1,123,612 | 98.7 % |
| Culture and Recreation | 3,031,200 | 3,031,200 | 3,620,282 | 589,082 | 19.4 % | 3,399,314 | 220,968 | 6.5 % |
| Fines and Penalties | 2,522,706 | 2,522,706 | 3,390,045 | 867,339 | 34.4 % | 3,762,521 | (372,476) | (9.9) % |
| **Fees/Charges/Fines sub-total** | **$ 25,425,052** | **$ 25,425,052** | **$ 25,607,920** | **$ 182,868** | **0.7 %** | **$ 25,051,700** | **$ 556,220** | **2.2 %** |
| Interest and Investment Earnings | $ 782,500 | $ 782,500 | $ 2,542,154 | $ 1,759,654 | 224.9 % | $ 2,218,003 | $ 324,151 | 14.6 % |
| Rents and Leases | 1,168,180 | 1,168,180 | 1,360,083 | 191,903 | 16.4 % | 1,394,828 | (34,745) | (2.5) % |
| Contributions and Donations | 33,623 | 33,623 | 33,014 | (609) | (1.8) % | 24,030 | 8,985 | 37.4 % |
| Other Miscellaneous | 266,660 | 266,660 | 711,128 | 444,468 | 166.7 % | 850,739 | (139,611) | (16.4) % |
| Transfers In | 206,558 | 206,558 | 206,558 | 0 | 0.0 % | 4,790,709 | (4,584,151) | (95.7) % |
| Insurance Recoveries - Capital & Operating | 110,407 | 110,407 | 117,895 | 7,488 | 6.8 % | 113,283 | 4,612 | 4.1 % |
| **Other Revenues sub-total** | **$ 2,567,928** | **$ 2,567,928** | **$ 4,970,833** | **$ 2,402,905** | **93.6 %** | **$ 9,391,592** | **$ (4,420,759)** | **(47.1) %** |
| **Total Operating Revenues** | **$ 108,955,550** | **$ 108,955,550** | **$ 115,559,479** | **$ 6,603,929** | **6.1 %** | **$ 114,875,590** | **$ 683,889** | **0.6 %** |
| **Operating Expenditures** | | | | | | | | |
| Council & Mayor | $ 1,964,474 | $ 1,964,474 | $ 1,698,210 | $ 266,264 | 13.6 % | $ 1,444,985 | $ (253,225) | (17.5) % |
| Administration | 1,055,607 | 1,055,607 | 909,560 | 146,047 | 13.8 % | 1,309,653 | 400,093 | 30.5 % |
| Human Resources | 2,750,455 | 2,750,455 | 2,678,505 | 71,950 | 2.6 % | 2,521,116 | (157,389) | (6.2) % |
| Municipal Court & Probation | 4,194,752 | 4,194,752 | 4,378,799 | (184,047) | (4.4) % | 3,324,616 | (1,054,183) | (31.7) % |
| Finance | 6,128,609 | 6,128,609 | 5,868,363 | 260,246 | 4.2 % | 4,861,292 | (1,007,071) | (20.7) % |
| City Attorney | 4,804,178 | 4,804,178 | 4,625,239 | 178,939 | 3.7 % | 4,692,554 | 67,315 | 1.4 % |
| Court | 85,906 | 85,906 | - | 85,906 | 100.0 % | - | - | N/A % |
| Community Development | 8,920,635 | 8,920,635 | 7,171,350 | 1,749,285 | 19.6 % | 6,649,256 | (522,094) | (7.9) % |
| Human Services | 5,176,012 | 5,176,012 | 2,710,974 | 2,465,038 | 47.6 % | 3,090,240 | 379,265 | 12.3 % |
| Office of Equity | 1,051,203 | 1,051,203 | 510,927 | 540,276 | 51.4 % | 868,952 | 358,026 | 41.2 % |
| Jail - SCORE | 6,065,000 | 6,065,000 | 6,064,586 | 414 | 0.0 % | 4,865,975 | (1,198,611) | (24.6) % |
| Police | 41,912,572 | 41,912,572 | 39,399,219 | 2,513,353 | 6.0 % | 34,780,325 | (4,618,894) | (13.3) % |
| Public Works | 4,910,158 | 4,910,158 | 4,904,346 | 5,812 | 0.1 % | 5,044,662 | 140,316 | 2.8 % |
| Parks, Arts & Recreation | 17,924,001 | 17,924,001 | 16,559,667 | 1,364,334 | 7.6 % | 16,689,872 | 130,206 | 0.8 % |
| Streets | 5,901,844 | 5,901,844 | 5,973,516 | (71,672) | (1.2) % | 4,773,367 | (1,200,148) | (25.1) % |
| Non-Departmental | 24,099,085 | 24,099,085 | 20,065,735 | 4,033,350 | 16.7 % | 4,734,268 | (15,331,467) | (323.8) % |
| **Total Operating Expenditures** | **$ 136,944,491** | **$ 136,944,491** | **$ 123,518,995** | **$ 13,425,496** | **9.8 %** | **$ 99,651,133** | **$(23,867,862)** | **(24.0) %** |

[1] The Streets Department experienced higher-than-budgeted utility costs.

[2] The Municipal Court and Probation cost center experienced higher-than-budgeted defense costs.


General Fund Revenues
Budget Vs Actual
Property Tax
25.5M
Retail Sales Tax
23.0M
B&O Tax
13.4M
External Utilities Tax
10.7M
Intergovernmental
6.8M
City Utilities Tax
7.4M
General Gov't Services
5.1M
Other Taxes
5.0M
Culture & Recreation
3.6M
Licenses and Permits
2.8M
Fines & Penalties
3.4M
Development Services Fees
2.3M
Public Safety
1.6M
Rents & Leases
1.4M
Interest & Investments
2.5M
Other Miscellaneous
862k
Transfers-in
207k
0
5M
10M
15M
20M
25M
30M
Annual Budget
YTD Budget
YTD Actual

## Revenue

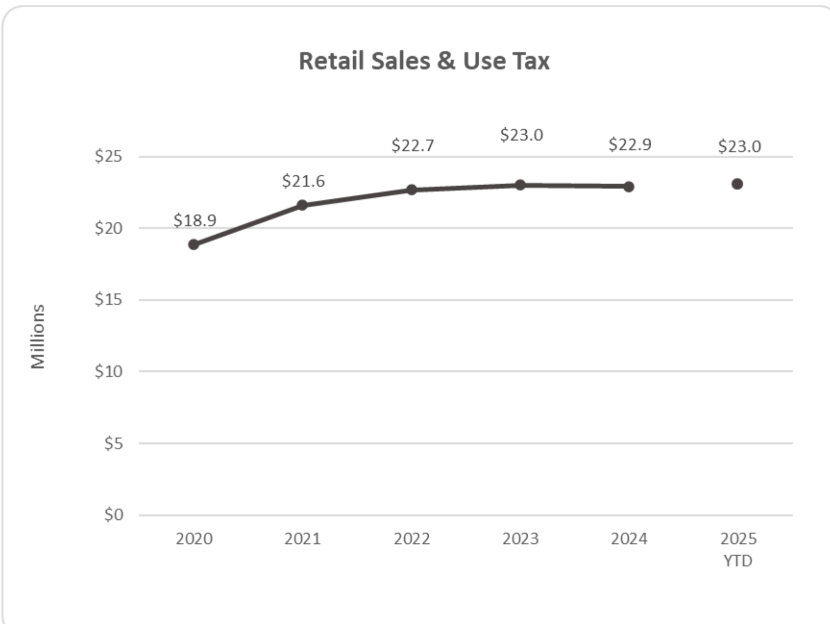
Tax revenues, including property, sales and use, utility, business & occupation, gambling, and admissions taxes provide over 74% of all resources that support general governmental activities. Licenses, charges for services, intergovernmental revenue (grants, state shared revenue, etc.) and fines contribute a further 22% of total revenue to the General Fund. The remaining 4% consists of various one-time or less predictable revenue sources. The following section highlights the most significant tax revenue streams.

**Property Tax** collections throughout 2025 totaled $25.5 million, approximately $181,000 (0.7%) above budget expectations. As shown in the chart below, most property tax revenue is received in April and October, aligning county property tax due dates. Property tax accounts for roughly 22% of all General Fund revenue and is the fund's single largest revenue source.

State law limits annual property tax levy increases to 1%, plus the value of new construction added to the tax roll. As a result, property tax revenues have grown by an average of 2.5% per year since 2018.


**Retail Sales Tax** collections through 2025 totaled $23.0 million, representing taxes remitted to the City based on sales from November 2024 through October 2025. Overall, these revenues increased by $130,000, or 0.6%, from 2024. Growth varied across industries: (+$317,587), manufacturing (+$86,877), and transportation and warehousing (+$22,877). Offsetting the year-over-year increases were the construction (-$213,300), retail trade (-$22,931), services (-$26,479), and wholesale trade (-$25,878) categories. As in prior years, collections were stronger in the second half of the year, driven largely by seasonal spending during the holiday period.

Retail sales tax revenue ended the year nearly $455,000 (2%) favorable to its $22.6 million budget. Due to economic uncertainty and historic volatility of year-over-year growth, the City had adopted a conservative estimate for 2025, reflecting a expected decrease of $326,000 (1%) from 2024 actuals.


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

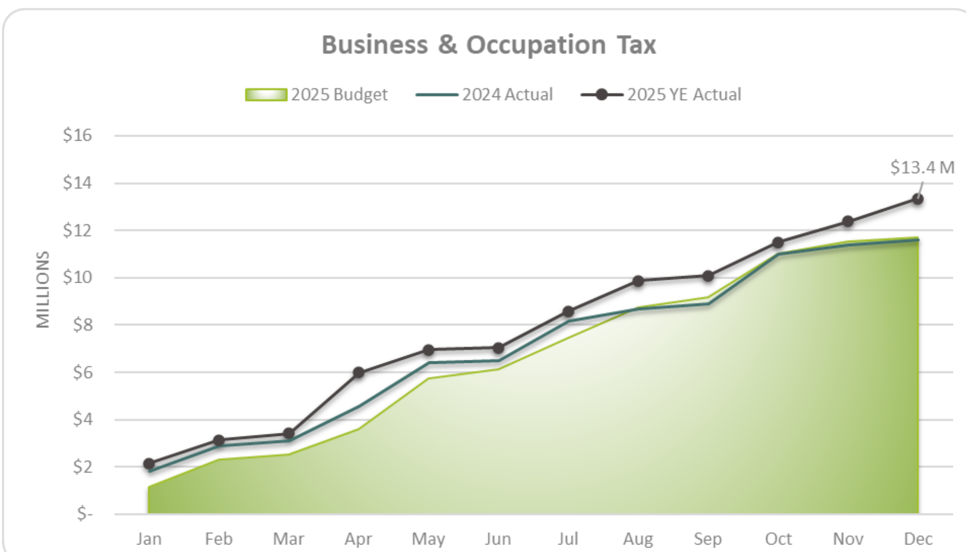
| Comparison of Retail Sales Tax Collections by Group Through December 2025 | | | | |
|---|---|---|---|---|
| | 2024 | 2025 | Change from 2024 | |
| Component Group | YE Actual | YE Actual | Amount | Percentage |
| Construction | $ 2,710,442 | $ 2,497,143 | $ (213,300) | (7.9) % |
| Manufacturing | 477,151 | 564,027 | 86,877 | 18.2 % |
| Transportation & Warehousing | 321,173 | 344,050 | 22,877 | 7.1 % |
| Wholesale Trade | 1,611,967 | 1,586,089 | (25,878) | (1.6) % |
| Automotive | 4,915,894 | 5,233,481 | 317,587 | 6.5 % |
| Retail Trade | 6,517,742 | 6,494,811 | (22,931) | (0.4) % |
| Services | 5,927,009 | 5,900,530 | (26,479) | (0.4) % |
| Miscellaneous | 423,751 | 414,503 | (9,248) | (2.2) % |
| | | | | |
| YE Total | $ 22,905,129 | $ 23,034,634 | $ 129,506 | 0.6 % |

**Business & Occupation (B&O) Taxes** were implemented by the City at the beginning of 2022. These taxes are assessed on businesses based on the value of gross receipts or square footage of occupied warehousing space, subject to certain constraints. Although the City receives revenue throughout the year, B&O taxes are primarily remitted 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. This has significantly contributed to the performance of this revenue and is the primary reason total revenues for 2025 ($13.4 million) exceed the annual budget of $11.5 million.. Of the $13.4 million collected, roughly $7.3 million (54%) consists of back taxes. Collections for 2025 also exceeded 2024 collections by $1.8 million (15%), although the contribution of back taxes is anticipated to decrease over time.

Compared to prior annual totals, revenues from the gross receipts portion of the tax increased by approximately $1.5 million (24%), while square-footage-based collections increased by $230,000 (4%).

| Business & Occupation Tax Through December 2025 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | | | Favorable (Unfavorable) | | 2024 | 2025 Actual vs. 2024 Actual | |
| Revenue | Annual Budget | YE Budget | YE Actual | Amount | Percentage | YE Actual | Amount | Percentage |
| Gross Receipts | $ 7,972,966 | $ 7,972,966 | $ 7,824,523 | $ (148,443) | -1.9% | $ 6,303,314 | $ 1,521,208 | 24.1% |
| Square Footage | 3,718,734 | 3,718,734 | 5,532,051 | 1,813,317 | 48.8% | 5,301,868 | 230,182 | 4.3% |
| Total | $ 11,691,700 | $ 11,691,700 | $ 13,356,573 | $ 1,664,873 | 14.2% | $ 11,605,183 | $ 1,751,390 | 15.1% |




**Utility Taxes** consist of an 11.5% tax on the gross revenues of water, sewer, storm drainage and solid waste utilities and a 6% tax on electric, natural gas, and telephone utilities operating within the City. Of those utilities taxed at 11.5%, the General Fund receives 9% with the remaining 2.5% dedicated to City street projects. For utilities taxed at 6%, the General Fund receives 5% and 1% is allocated to street funding.

Overall, utility taxes increased by $1.8 million (12%) from the prior year and were $1.3 million above budget expectations. Roughly 71% of total utility taxes collected by the City come from City interfund utility taxes and electric utility taxes. Together, these sources accounted for $12.6 million of the $17.6 million collected in 2025.

The largest portion of the favorable variance to budget—$858,000 above expectations and $413,000 above the prior year—occurred within external utility taxes. This is largely due to higher solid waste hauler revenues, resulting from rate increases implemented at the beginning of the year. These higher revenues are expected to continue into next year.

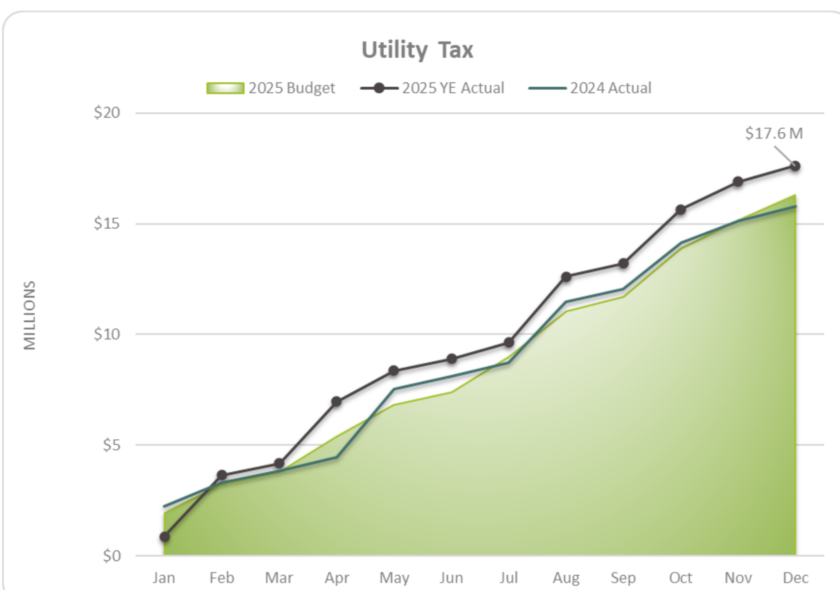
Electric utility taxes also contributed to the favorable variance, supported by an increase in usage and higher electric rates effective in 2025. This category exceeded budget expectations by $321,000 and prior year collections by $520,000. Additional favorable variances resulted from the collection of backdated taxes across all categories; while these collections are expected to continue, large increases from newly identified taxpayers are likely to diminish over time.

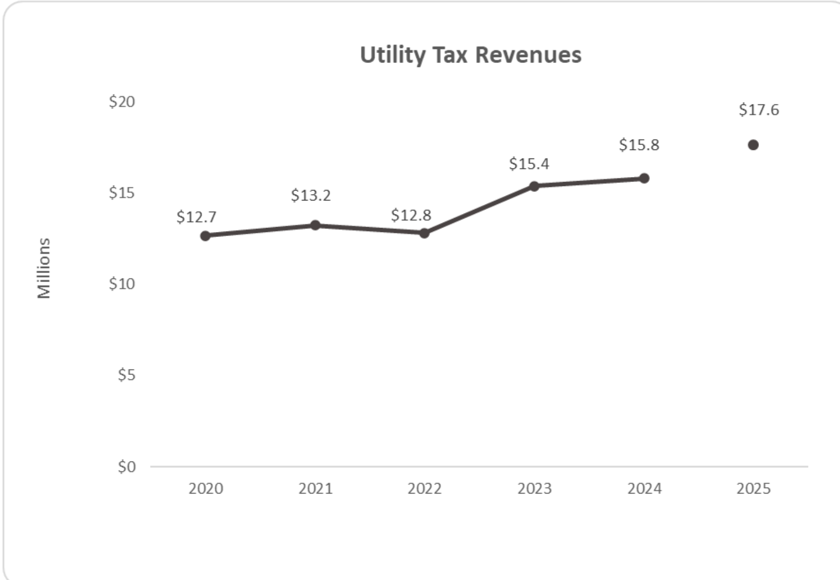
Telephone taxes increased slightly from 2024 by $44,000, which was mainly the result of the timing of collections from prior year activity and $125,000 above budget expectations. Telephone taxes are collected in arrears on a quarterly basis, which causes the timing variance from prior year and quarters. Conversely, cable tax revenues partially offset other favorable variances in collections by coming in at the end of the year $126,000 less than expected to budget.

The table and charts below present utility tax revenues and compare actual collections to budget. These amounts represent only the General Fund portion of revenues, and exclude the share allocated for funding City street projects.

**Utility Tax by Type (General Fund Portion)**
**Through December 2025**

| | 2025 | | | Favorable (Unfavorable) | | 2024 | 2025 Actual vs. 2024 Actual | |
|---|---|---|---|---|---|---|---|---|
| Revenue | Annual Budget | YE Budget | YE Actual | Amount | Percentage | YE Actual | Amount | Percentage |
| City Interfund Utility Taxes | $ 7,228,200 | $ 7,228,200 | $ 7,368,741 | $ 140,541 | 1.9% | $ 6,733,102 | $ 635,639 | 9.4% |
| Electric | 4,895,800 | 4,895,800 | 5,216,570 | 320,770 | 6.6% | 4,696,372 | 520,199 | 11.1% |
| Natural Gas | 1,417,400 | 1,417,400 | 1,521,337 | 103,937 | 7.3% | 1,289,448 | 231,889 | 18.0% |
| Telephone | 606,240 | 606,240 | 731,413 | 125,173 | 20.6% | 687,102 | 44,311 | 6.4% |
| External Utility Taxes | 897,900 | 897,900 | 1,755,759 | 857,859 | 95.5% | 1,342,295 | 413,464 | 30.8% |
| Brokered Natural Gas | 314,000 | 314,000 | 231,589 | (82,411) | -26.2% | 240,833 | (9,244) | -3.8% |
| Cable | 917,400 | 917,400 | 791,575 | (125,825) | -13.7% | 798,527 | (6,952) | -0.9% |
| Total | $ 16,276,940 | $ 16,276,940 | $ 17,616,986 | $ 1,340,046 | 8.2% | $ 15,787,679 | $ 1,829,306 | 11.6% |

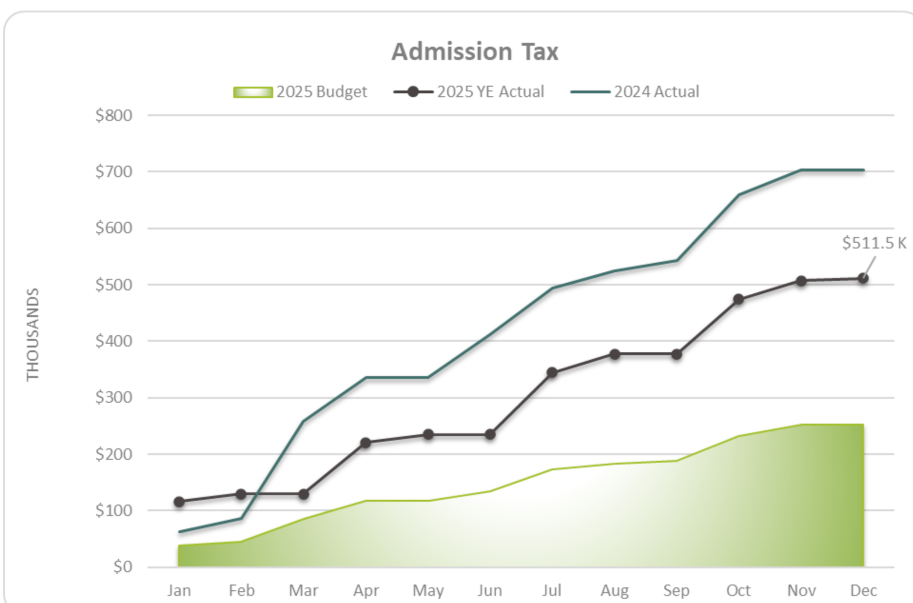





**Note**: *The significant jump from 2022 ($12.8 million) to 2023 ($15.8 million) is largely due to higher service revenue following an annual rate increase effective in 2023, combined with higher service usage and the collection of B&O taxes on businesses that provide utility services.*

An **Admission Tax** of 5.0% is placed on charges for general admission, season tickets, cover charges, and similar activities, and is generally collected on a quarterly basis. Admission tax revenues totaled approximately $511,000 in 2025, a decrease of 27% from prior year largely due to a one-time payment received in 2024 as part of an agreement. After adjusting for this non-recurring payment, admission taxes are still roughly $85,000 below 2024 collections.

Despite the year-over-year decrease, revenues were favorable to budget by $259,000 (103%). Admission tax revenue has historically been volatile, ranging from a low of $154,000 in 2022 to a high of $703,000 in 2024.



**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 this revenue is generated from card games (70%) and amusement games (19%). Collections totaled $518,000 in 2025, which is $305,000 higher than 2024 and represents a $230,000 (80%) favorable variance to budget. This increase is primarily driven by higher collections from card games (+$215,000) and punch boards and pull tabs (+$36,000).

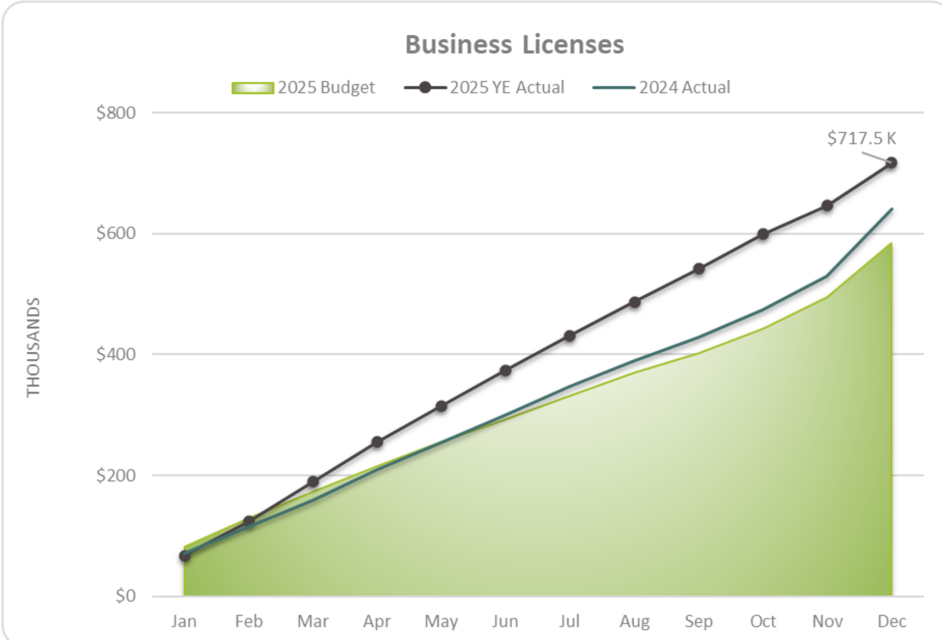
Gambling tax revenues historically have been highly volatile from both month to month and year to year. Excluding 2021 (where revenues were significantly affected by COVID-19 restrictions), recent annual collections average about $253,000, ranging from a high of $413,000 in 2018 to a low of $110,000 in 2020. Because gambling activity can be an indicator of discretionary spending, the City will continue monitoring these revenues closely alongside sales tax performance

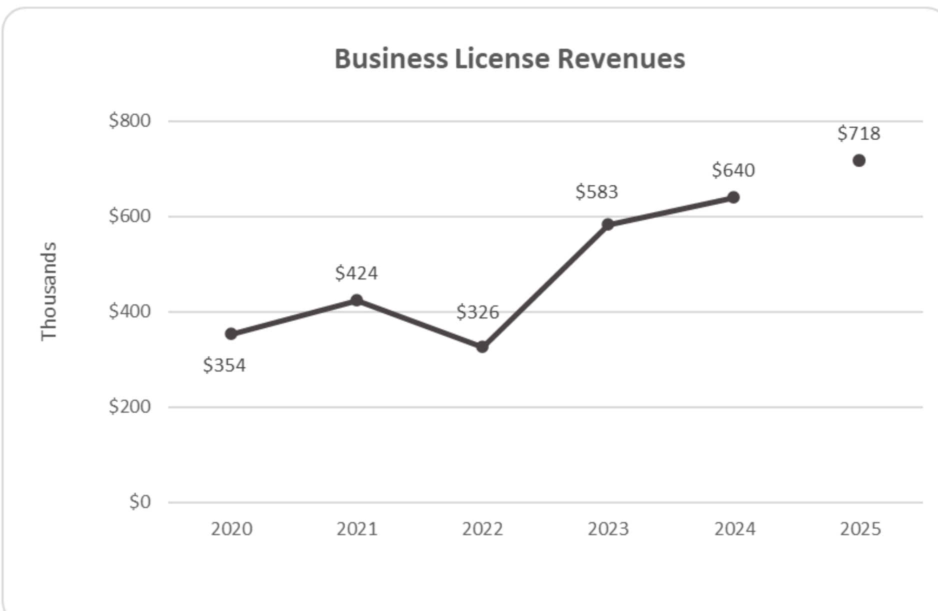

**Licenses and Permits** include business licenses as well as building, plumbing, electric and other licenses and permit fees. Building permit fees and other licenses (excavation, street/curb, and plumbing permits) typically comprise most of the budgeted revenue in this category, at approximately 32%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

This revenue category had an annual budget of $2.9 million, but actual collections totaled $2.8 million or 4% less than budgeted.

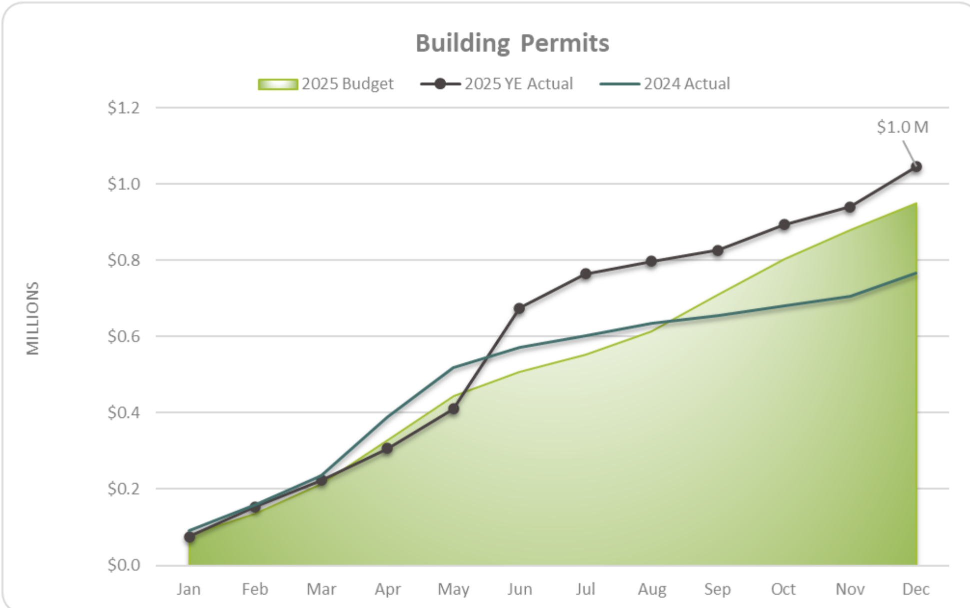
The annual **Business License** renewal fee for each business located within the City is $107, with renewal dates determined by the anniversary of each business's original license issuance.

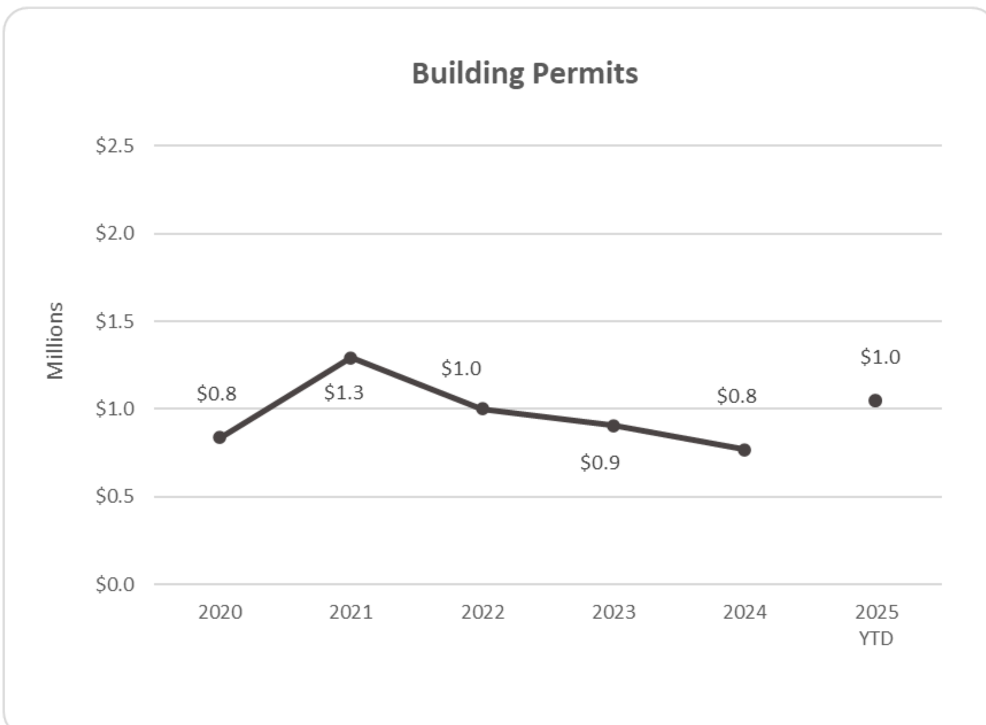
Business license collections totaled $718,000 in 2025, an increase of 12% from the $640,000 collected in 2024. Historically, these revenues have been highly volatile and were therefore budgeted conservatively. However, through discovery efforts and use of the State's Business Licensing System—particularly due to the rollout of B&O taxes—collections have become more consistent. Business license revenues were favorable to budget by $132,000 (23%). The City typically sees the highest collection activity in the first and fourth quarters due to the renewal cycle.



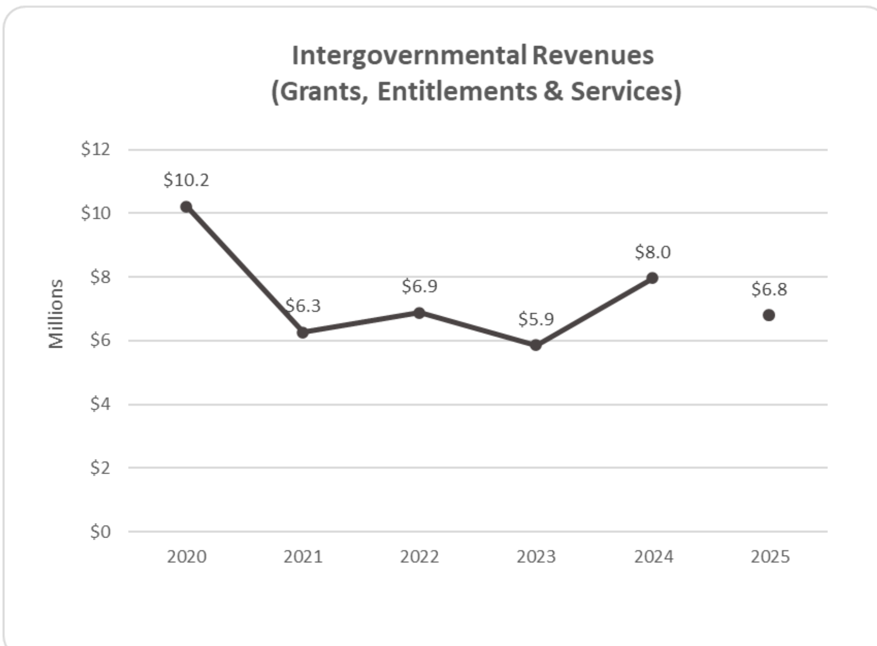

**Building Permit** revenues totaled $1.0 million in 2025, which is $278,000 higher than collections in 2024 and $95,000 (10%) above the 2025 budget. This favorable performance compared to last year is primarily due to higher-value construction permits, particularly for warehouse projects. However, the number of permit applications submitted decreased by 14% compared to 2024, indicating a lower overall volume of construction activity citywide. Much of the 2025 revenue has been generated due to two high-value projects currently underway, which account for the majority of permit collections during this period.




**Intergovernmental revenues** include grants and stimulus monies from federal, state, and local sources, revenue from the Muckleshoot Indian Tribe (MIT) compact, and state shared revenues. Collections in 2025 totaled $6.8 million and were $1.6 million unfavorable to budget. This shortfall is primarily due to delays in receiving reimbursement for federal and state grants. Because these grants are generally reimbursed on a cost-recovery basis, project delays throughout 2025 resulted in corresponding delays in revenue collection. Additionally, the City's proposed 2025 MIT compact request was approved by MIT at a lower amount than requested, though the full approved amount was received by year-end. The City anticipates completing delayed projects and receiving the associated reimbursements in 2026.

| Intergovernmental Revenues (Grants, Entitlements & Services) Through December 2025 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | | | Favorable (Unfavorable) | | 2024 | 2025 Actual vs. 2024 Actual | |
| Revenue | Annual Budget | YE Budget | YE Actual | Amount | Percentage | YE Actual | Amount | Percentage |
| Federal Grants | $ 1,135,547 | $ 1,135,547 | $ 509,283 | $ (626,264) | -55.2% | $ 143,807 | $ 365,475 | 254.1% |
| State Grants | 1,394,225 | 1,394,225 | 744,858 | (649,367) | -46.6% | 928,292 | (183,435) | -19.8% |
| Interlocal Grants | 483,142 | 483,142 | 457,795 | (25,347) | -5.2% | 611,104 | (153,309) | -25.1% |
| Muckleshoot Casino Services | 1,680,000 | 1,680,000 | 1,677,106 | (2,894) | -0.2% | 2,652,318 | (975,212) | -36.8% |
| State Shared Revenues: | | | | | | | | |
| Streamlined Sales Tax | 460,900 | 460,900 | 460,873 | (27) | 0.0% | 576,091 | (115,218) | -20.0% |
| Motor Vehicle Fuel Tax | 1,173,700 | 1,173,700 | 993,451 | (180,249) | -15.4% | 1,097,029 | (103,578) | -9.4% |
| Criminal Justice - High Crime | 291,200 | 291,200 | 310,092 | 18,892 | 6.5% | 291,589 | 18,503 | 6.3% |
| Criminal Justice - Population | 34,500 | 34,500 | 36,351 | 1,851 | 5.4% | 33,948 | 2,403 | 7.1% |
| Criminal Justice - Special Prog. | 121,100 | 121,100 | 127,222 | 6,122 | 5.1% | 119,271 | 7,950 | 6.7% |
| Marijuana Excise Tax | 200,600 | 200,600 | 195,723 | (4,877) | -2.4% | 224,867 | (29,144) | -13.0% |
| State DUI | 7,800 | 7,800 | 8,889 | 1,089 | 14.0% | 8,647 | 242 | 2.8% |
| Fire Insurance Tax | 121,600 | 121,600 | - | (121,600) | -100.0% | - | - | |
| Liquor Excise | 645,300 | 645,300 | 586,607 | (58,693) | -9.1% | 610,509 | (23,902) | -3.9% |
| Liquor Profit | 667,100 | 667,100 | 672,708 | 5,608 | 0.8% | 670,497 | 2,211 | 0.3% |
| Subtotal State Shared: | 3,723,800 | 3,723,800 | 3,391,914 | (331,886) | -8.9% | 3,632,447 | (240,533) | -6.6% |
| | | | | | | | | |
| YTD Total | $ 8,416,714 | $ 8,416,714 | $ 6,780,956 | $ (1,635,758) | -19.4% | $ 7,967,969 | $ (1,187,013) | -14.9% |




**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.*

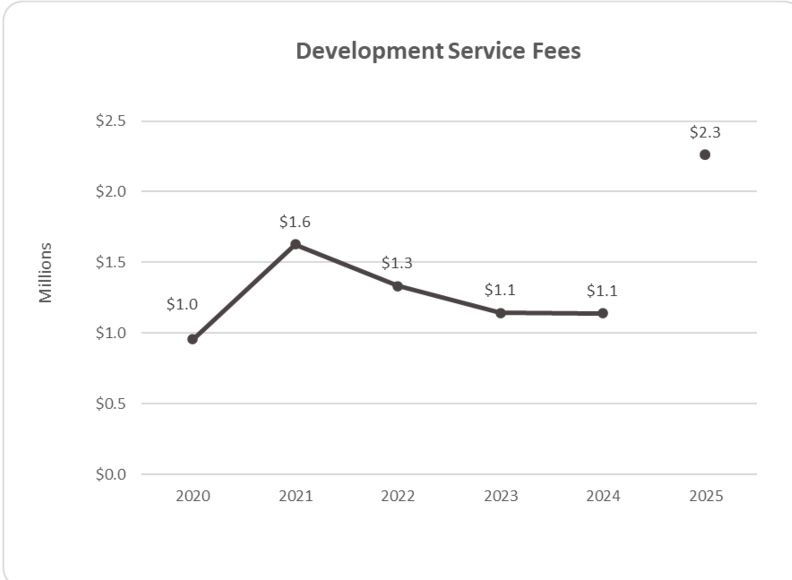
**Charges for Services** consist of general governmental service charges, public safety fees, development service fees, and culture and recreation fees. In 2025, collections totaled $12.6 million, exceeding budget expectations by $1.1 million (9%). This positive variance was primarily driven by higher-than-anticipated revenues from culture and recreation programs—particularly recreation classes—and stronger-than-expected public safety revenues.

| Charges for Services by Type<br>Through December 2025 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | | | Favorable (Unfavorable) | | 2024 | 2025 Actual vs. 2024 Actual | |
| Revenue | Annual Budget | YE Budget | YE Actual | Amount | Percentage | YE Actual | Amount | Percentage |
| General Government | $ 5,114,176 | $ 5,114,176 | $ 5,117,690 | $ 3,514 | 0.1% | $ 4,532,458 | $ 585,232 | 12.9% |
| Public Safety | 1,215,556 | 1,215,556 | 1,617,121 | 401,565 | 33.0% | 1,644,675 | (27,553) | -1.7% |
| Development Services | 2,175,100 | 2,175,100 | 2,261,827 | 86,727 | 4.0% | 1,138,214 | 1,123,612 | 98.7% |
| Culture & Recreation | 3,031,200 | 3,031,200 | 3,620,282 | 589,082 | 19.4% | 3,399,314 | 220,968 | 6.5% |
| Total | $ 11,536,032 | $ 11,536,032 | $ 12,616,920 | $ 1,080,888 | 9.4% | $ 10,714,660 | $ 1,902,260 | 17.8% |

The *General Government* revenue category primarily consists of interfund charges for support departments, including Finance, Human Resources and Legal. Operating costs for these activities 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. This category also includes fees for passport services, and quarterly administrative fees related to South King Housing and Homelessness Partners (SKHHP).

*Public Safety* revenues mainly consist of collections for extra duty security service provided by police officers to other entities. The City pays the officers for these services directly and collects the contracted payment from the hiring agency, meaning these revenues are mostly offset by related expenses. This category also includes reimbursements from the Muckleshoot Indian Tribe (MIT) for a full-time dedicated police officer and related costs, as well as payments collected from the Auburn School District for SRO services rendered. Public safety revenues totaled $1.6 million in 2025, representing a $28,000 decrease from 2024.The decline is largely attributed to a $71,000 drop in DUI fee collections. Despite this year-over-year decrease, collections exceeded the 2025 budget by $402,000 due to stronger-than-expected extra duty security revenues.

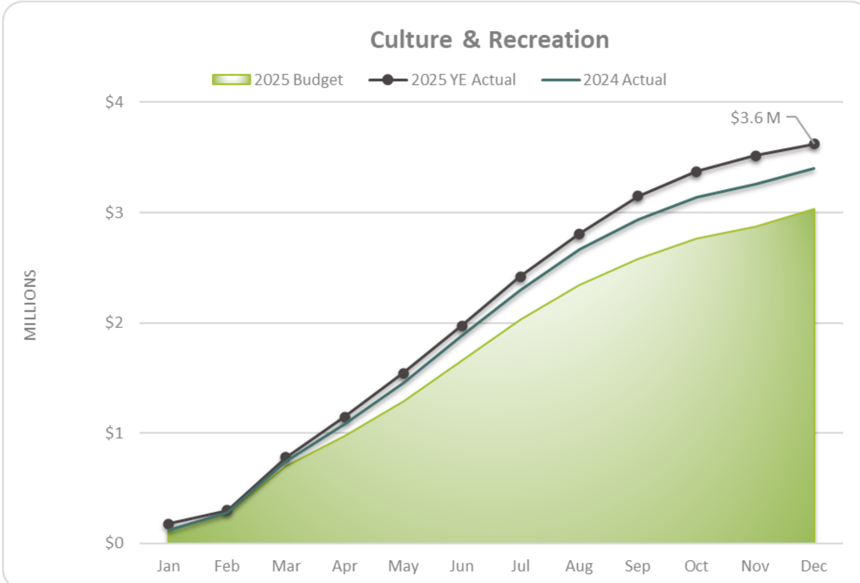
*Development Services* fee collections consist primarily of plan check fees, facility extension charges (FAC), and zoning and subdivision fees. In 2025, collections totaled $2.3 million, exceeding budget expectations by $87,000 and surpassing prior-year revenues by $1.1 million. Favorable variances to budget occurred in plan check fees (+$499,000), FAC charges (+$159,000), and zoning and subdivision fees (+$36,000). 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 (-$599,000), driven by the timing of collections on another major project currently in progress. The City expects to collect the remaining balance for this project by the end of 2026.




*Culture and Recreation* revenues are primarily generated from green fees and pro shop sales at the Auburn Golf Course, recreation classes, ticket sales at the Auburn Avenue Theater (currently hosted at other venues during construction), senior programs, and special events. Overall, this category outperformed its annual budget of $3.0 million by $589,000 (19%).

Approximately 64% of Culture and Recreation revenues collected come from this revenue source. Green fee revenues increased by $182,000 (10%) from last year and ended the year $375,000 above budget. The pace of green fee collections slowed later in the year, consistent with historical patterns, as roughly 65 percent of annual revenues are typically earned 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. Despite the revenue increase, the total number of rounds played declined by 1,350 (2%) compared to the prior year.

Recreation classes accounted for a further 19% of annual Culture and Recreation collections and remained consistent with prior years, totaling $704,000 in collections. Ticket sales for performances held at local school venues (previously held at the Auburn Avenue Theater) have increased by $6,000 (6%) compared to last year and ended with a favorable budget variance of $3,100 Throughout most of the year, ticket sales were lower than normal as the popularity of various shows was not as high as last year. However, the City was able to close out the year with higher community participation and end the year off strong. The City is anticipating building on this momentum within culture and recreation and see increased collections next year.

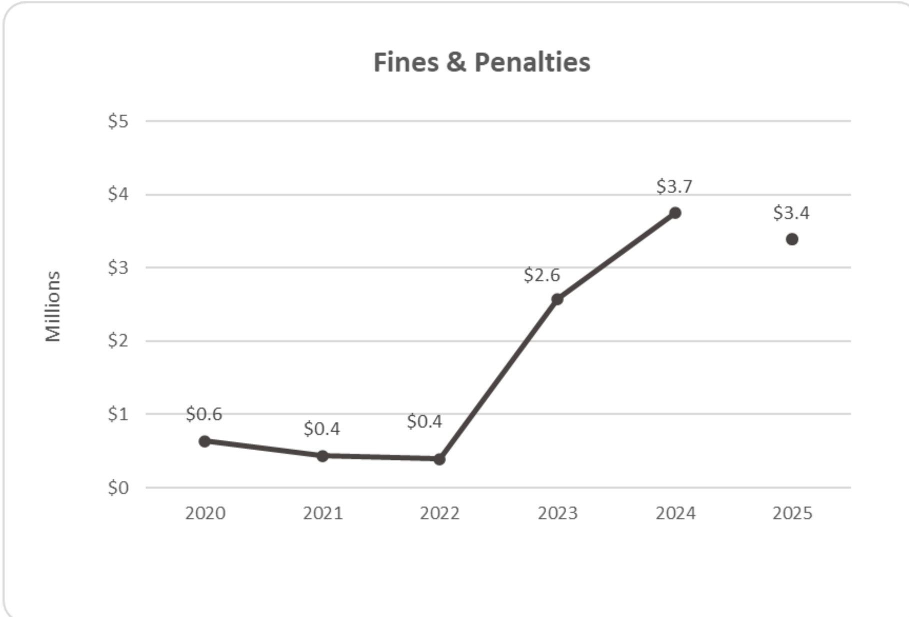



**Fines & Penalties** include civil penalties (such as code compliance fines), parking and traffic infraction penalties, criminal fines (including criminal traffic, criminal non-traffic, and other criminal offenses) as well as non-court fines such as false alarm fines. The table below shows a detailed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

| Fines & Penalties by Type Through December 2025 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | | | Favorable (Unfavorable) | | 2024 | 2025 Actual vs. 2024 Actual | |
| Revenue | Annual Budget | YE Budget | YE Actual | Amount | Percentage | YE Actual | Amount | Percentage |
| Civil Penalties | $ 1,000 | $ 1,000 | $ 1,992 | $ 992 | 99.2% | $ 9,102 | $ (7,110) | -78.1% |
| Civil Infraction Penalties | 148,400 | 148,400 | 260,545 | 112,145 | 75.6% | 183,777 | 76,768 | 41.8% |
| Photo Enforcement | 1,100 | 1,100 | - | (1,100) | -100.0% | 407 | (407) | -100.0% |
| Parking Infractions | 2,233,506 | 2,233,506 | 1,972,004 | (261,502) | -11.7% | 2,701,857 | (729,854) | -27.0% |
| Criminal Traffic Misdemeanor | 31,200 | 31,200 | 71,861 | 40,661 | 130.3% | 46,862 | 24,998 | 53.3% |
| Criminal Non-Traffic Fines | 48,200 | 48,200 | 66,275 | 18,075 | 37.5% | 75,213 | (8,938) | -11.9% |
| Criminal Costs | 12,200 | 12,200 | 4,921 | (7,279) | -59.7% | 8,790 | (3,870) | -44.0% |
| Non-Court Fines & Penalties | 47,100 | 47,100 | 1,012,447 | 965,347 | 2049.6% | 736,511 | 275,936 | 37.5% |
| Total | $ 2,522,706 | $ 2,522,706 | $ 3,390,045 | $ 867,339 | 34.4% | $ 3,762,521 | $ (372,476) | -9.9% |

Total revenues collected throughout 2025 were $3.4 million as compared to a budget of $2.5 million and were 34% above budget expectations. This is primarily due to an influx of non-court fines & penalties throughout the year stemming from the assessed fines and penalties associated with the backpay of B&O taxes. Revenues from the photo enforcement program, which are recorded as parking infractions, have an unfavorable variance of $262,000 compared to budget and were roughly $730,000 below 2024 collections. Historically, about 36% of annual photo enforcement revenue is collected in the fourth quarter. In 2025, only 27% was collected during that period. This may indicate that the program is having the intended effect of reducing speeding, thereby contributing to improved public safety and fewer infractions.

The City contracts with the King County Court for municipal court services. Since 2019, the number of hearings, judgments, and overall collections activity has steadily declined. Although revenues spiked in 2023 and 2024, these increases were largely attributable to photo enforcement and B&O-related collections. Excluding these sources, the remaining court-related collections have declined to $406,000 – approximately one-third of the average annual collections during 2015-2019, prior to contracting with King County. In response to long-term trends, 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) rebates. A breakdown of the most significant miscellaneous revenue categories is listed in the table below.

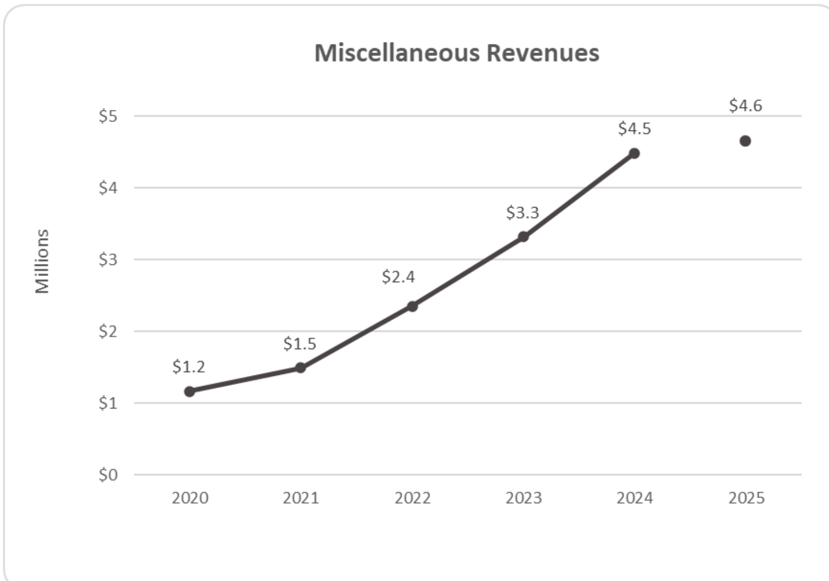
| Miscellaneous Revenues by Type Through December 2025 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | | | Favorable (Unfavorable) | | 2024 | 2025 Actual vs. 2024 Actual | |
| Revenue | Annual Budget | YE Budget | YE Actual | Amount | Percentage | YE Actual | Amount | Percentage |
| Interest & Investments | $ 782,500 | $ 782,500 | $ 2,542,154 | $ 1,759,654 | 224.9% | $ 2,218,003 | $ 324,151 | 14.6% |
| Rents & Leases | 1,168,180 | 1,168,180 | 1,360,083 | 191,903 | 16.4% | 1,394,828 | (34,745) | -2.5% |
| Contributions & Donations | 33,623 | 33,623 | 33,014 | (609) | -1.8% | 24,030 | 8,985 | 37.4% |
| Other Miscellaneous Revenue | 266,660 | 266,660 | 711,128 | 444,468 | 166.7% | 850,739 | (139,611) | -16.4% |
| Total | $ 2,250,963 | $ 2,250,963 | $ 4,646,380 | $ 2,395,417 | 106.4% | $ 4,487,600 | $ 158,780 | 3.5% |

Total collections in 2025 were $4.6 million, exceeding budget by $2.4 million (106%). Of the favorable variance to budget, 73% 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 Auburn Golf Course. This category ended the year $192,000 above budget, aided in part by revenue from a temporary easement of City property. Golf cart rentals were favorable to budget by $38,000. Warm summer weather also contributed to an increase in general rentals and concessions, generating an additional $126,000 of favorable variance. Facility rentals were also favorable to budget by $19,000, further contributing to the strong performance of the category.

The Rents and Leases category exhibits seasonality, peaking in the spring and summer months. This past summer the City saw lower year-over-year collections from rents and leases coming in $35,000 below 2024 collections. This is due to decreased numbers of events that request the use of City facilities from last year.

The "Other Miscellaneous Revenue" sub-category reported $140,000 less than the prior year but still exceeded the 2025 budget by $444,000. This category includes revenue from the national opioid settlement distribution program. The City received $70,000 in settlement payments during the third quarter which was the bulk of the collections, contributing to the favorable variance against the budget. However, this amount is far lower than the previous year's collections of opioid distributions, resulting in the category's year-over-year decrease. These payments are expected to fluctuate in the coming years as some companies choose to settle early while others remain in ongoing settlement processes.



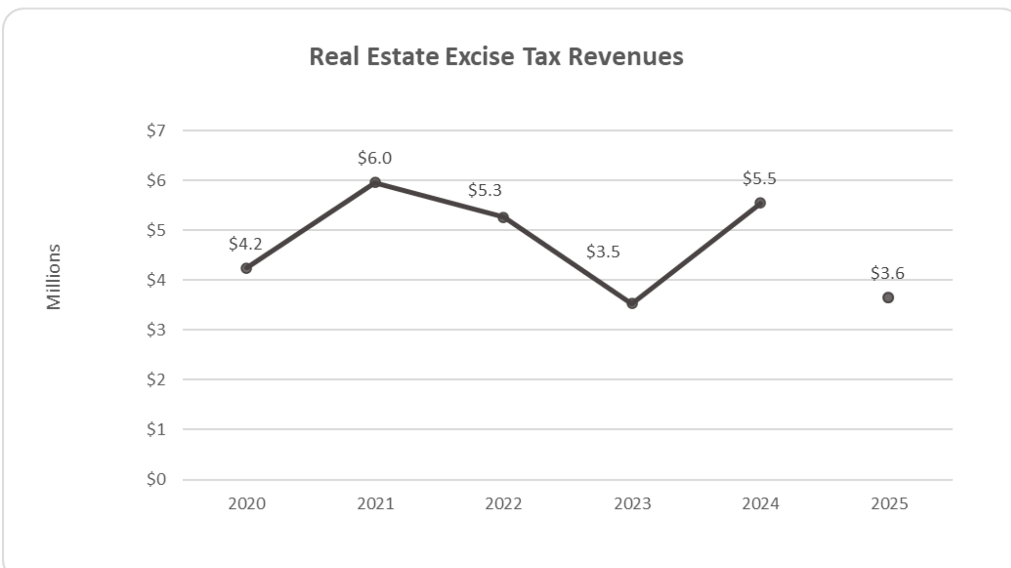

**OTHER FUNDS**

**Real Estate Excise Tax (REET)** revenues are taxes on the sale of both commercial properties and single-family residences. These collections are received into the Capital Improvement Projects Fund and support governmental capital projects. In 2025, REET revenues totaled $3.6 million, exceeding the budget by $1.8 million (51%). Due to the historical volatility of this revenue source, REET is budgeted conservatively.

| Real Estate Excise Tax Revenues Through December 2025 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | | | Favorable (Unfavorable) | | 2024 | 2025 YTD Actual vs. 2024 Actual | |
| Revenue | Annual Budget | YTD Budget | YTD Actual | Amount | Percentage | YTD Actual | Amount | Percentage |
| Real Estate Excise Tax | $ 1,800,000 | $ 1,800,000 | $ 3,641,096 | $ 1,841,096 | 50.6% | $ 5,545,240 | $ (1,904,145) | -34.3% |
| Total | $ 1,800,000 | $ 1,800,000 | $ 3,641,096 | $ 1,841,096 | 50.6% | $ 5,545,240 | $ (1,904,145) | -34.3% |

Although collections were favorable to budget, they were $1.9 million (34%) lower than 2024 totals. This decline is mainly attributable to two large commercial property transactions that occurred in 2024, significantly increasing last year's total. Collections in 2025 were well under the five-year average from 2020 to 2024, despite increasing property values and declining interest rates suggesting supportive conditions for real estate activity in the King County.

In recent years, REET collections peaked in 2021, following two years of exceptionally 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, contributing to a slowdown in real estate activity and lower REET revenues during those years. The current market data indicated another rate cut in January 2026 and another in April 2026. With market uncertainty throughout the country, the City continues to monitor REET collections closely. 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 to help mitigate the economic impacts of COVID-19. The City was allocated $14.75 million through ARPA's State and Local Government Fiscal Recovery Fund program. The City Council approved acceptance of ARPA funds through Resolution No. 5608, and Ordinance No. 6832 established the general spending categories as recommended by an ad hoc committee.

The City's ARPA spending strategy focused on mitigating the cost of providing public safety services. By applying ARPA funding toward eligible public safety expenditures, the City was able to redirect General Fund resources to support projects identified and approved by the Council ad hoc committee. The City fully expended its $14.75 million ARPA allocation as of the first quarter of 2024.

Throughout 2025, the City was able to direct $3.2 million of the General Fund capacity created through ARPA cost-mitigation toward Council-approved projects. Since 2021, a total of $10.1 million has been dedicated to these projects, as shown in the following table.

| Title | Budget | 2025 Q4 Spend | Lifetime Spend (includes this quarter) | Remaining |
|---|---|---|---|---|
| **Completed Projects** | **4,517,064** | - | 4,517,064 | - |
| Neighborhood Street Light Program | **1,730,000** | - | 1,678,053 | 51,947 |
| Neighborhood Traffic Calming | **200,000** | - | 170,000 | 30,000 |
| Traffic Signals | **135,000** | 84,030 | 135,000 | - |
| Human Services Grants Includes Admin | **1,000,000** | - | 445,882 | 554,118 |
| Theater | **389,700** | - | - | 389,700 |
| Tyler Tech Financial Implementation | **301,500** | 301,500 | 301,500 | - |
| 2023 Local Street Preservation | **148,167** | 10,627 | 58,793 | 89,374 |
| Translation Services | **25,000** | - | 1,685 | 23,315 |
| Cyber Security Locks | **50,000** | 50,000 | 50,000 | - |
| Auburn Way South Roundabout | **150,000** | - | 53,924 | 96,076 |
| Emergency Housing Voucher Program | **2,000,000** | 46,725 | 868,872 | 1,131,128 |
| DEI Dashboard (Inclusive Auburn) | **130,000** | - | 92,805 | 37,195 |
| Downtown Infrastructure Improvements includes Theater | **1,819,409** | 731,544 | 1,555,477 | 263,932 |
| Community Violence Intervention Programs (Drone, SPIDR Tech) | **236,248** | - | 204,436 | 31,812 |
| **Other Projects (not started)** | **1,919,144** | - | - | 1,919,143 |
| **Total:** | **14,751,231** | **1,207,029** | **10,133,491** | **4,617,740** |

The *Traffic Signals* project (MS2505) involves converting existing streetlights to LED and installing new lighting at strategic locations to address specific transportation safety needs. Converting standard streetlights to LED supports reduced greenhouse gas emissions and provides more consistent, uniform lighting. The project was completed in the fourth quarter. Total spending was $135,000, with $84,030 expended during the fourth quarter.

The *Tyler Tech Financial Implementation* (cp2410) project supports the implementation of the City's new financial software. Project costs consist of contracted professional services provided by BerryDunn, the City's implementation consultant. The project was allocated $301,500 in ARPA funding, and these funds were completely expended over the course of the year. While the overall project is still ongoing, the ARPA-funded portion is now complete.

The *Emergency Housing Voucher Program,* initiated in 2023, 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 covers up to three years of clean-and-sober housing for participants who meet the terms of the program's housing agreement. There are currently 18 individuals enrolled in the program. Life-to-date project spend is $868,872 with $46,725 spent in the fourth quarter of 2025.

The *Downtown Infrastructure Improvements (Including Theater)* project (cp2321) consists of infrastructure improvements in downtown Auburn along Auburn Avenue from East Main Street N to 1st St. NE and on East Main Street from Auburn Avenue to B Street NE, including B Street Plaza. The improvements will support existing and future re-development efforts and replace infrastructure that is at or near the end of its useful life. Construction has begun and is anticipated to be completed in early 2026. To date, $1.6 million has been spent on the project, with $731,544 expended in the fourth quarter.

**Street Funds**

This section provides a financial overview of the City's street funds for the period ending December 31, 2025. Historically, the City maintained three streets funds: the Arterial Street Fund (Fund 102), the Local Street Fund (Fund 103), and the Arterial Street Preservation Fund (Fund 105). Beginning in 2025, all capital project activity in these funds was consolidated into Fund 102 – General Transportation. Fund 105 now serves exclusively as the recipient of Transportation Benefit District (TBD) funds, which are used to support specific preservation projects in the General Transportation Fund.

As noted in the Street Funds Overview at the beginning of this report, variances between budget and actual amounts are generally driven by project schedules and activity, and the timing of grant reimbursements and other funding. Many projects entered the construction phase in 2024 and continued to increase in activity through 2025, resulting in increased expenditures and corresponding increases in revenues.

**Fund 102 – General Transportation Fund**

The General Transportation Fund is a special revenue fund that is funded primarily by transportation grants, traffic impact fees, a portion of the City's gas tax receipts, Public Works Trust Fund loans, and developer contributions. As of December 31, 2025 there were 41 separate street projects budgeted in this fund—an increase from prior years resulting from the consolidation of all transportation capital projects into Fund 102 beginning in 2025.

Revenues collected in 2025 totaled $31.7 million compared to $11.3 million in 2024 (reflecting the combined revenues previously recorded in the Arterial Street, Local Street and non-TBD funds in the Arterial Street Preservation funds). 83% of the Fund's 2025 revenues were from direct reimbursements via grants ($10.7 million) and operating transfers in ($15.6 million). The remaining 17% of revenues were from interfund and external utility tax revenues ($4.2 million), Motor Vehicle Fuel (MVFT) and Multimodal taxes ($644,000), investment income ($467,000) and other miscellaneous income ($125,000). Total expenditures in 2025 were $19.1 million compared to the combined funds' $8.5 million in the prior year. These year-over-year increases were expected based on the progression of capital projects into more active phases from 2024 to 2025.

Variances in revenues and expenditures are largely due to the timing of capital spending and any associated reimbursement via grants, intergovernmental loans and operating transfers. Expenditures generally increase as projects transition from design into construction, and revenue patterns follow the corresponding reimbursement schedule.

| Fund 102 - General Transportation Fund | | | | | |
|---|---|---|---|---|---|
| Summary of Sources and Uses Through December 2025 | | | | | |
| | 2025 | | Favorable (Unfavorable) | | 2024 |
| | YE Budget | YE Actual | Amount | Percentage | YE Actual |
| **Revenues** | | | | | |
| Federal Grants | $ 14,062,912 | $ 7,450,979 | $ (6,611,933) | (47.0) % | $ 2,267,341 |
| State And Local Grants | 9,906,227 | 3,241,344 | (6,664,883) | (67.3) % | 1,022,186 |
| Operating Transfer In | 16,047,827 | 15,584,507 | (463,320) | (2.9) % | 2,085,303 |
| Subtotal - Direct Reimbursements | 40,016,966 | 26,276,830 | (13,740,136) | (34.3) % | 5,374,830 |
| Motor Vehicle Fuel and Multimodal Taxes | 643,500 | 643,935 | 435 | 0.1 % | 582,810 |
| Interfund Utility Taxes | 1,947,900 | 2,046,873 | 98,973 | 5.1 % | 1,870,306 |
| Electric Utility Tax | 939,200 | 1,043,314 | 104,114 | 11.1 % | 939,274 |
| Natural Gas Utility Tax | 283,500 | 304,267 | 20,767 | 7.3 % | 257,890 |
| Cable TV Tax | 177,600 | 140,490 | (37,110) | (20.9) % | 118,005 |
| Telephone Utility Tax | 129,600 | 146,331 | 16,731 | 12.9 % | 137,436 |
| Water Utility Tax | 78,000 | 139,577 | 61,577 | 78.9 % | - |
| Sew er/Storm Drainage Utility Tax | 11,600 | 23,325 | 11,725 | 101.1 % | - |
| Garbage Utility Tax (External Haulers) | 107,900 | 324,644 | 216,744 | 200.9 % | 201,314 |
| Miscellaneous Revenue | 288,465 | 62,674 | (225,791) | (78.3) % | 1,396,835 |
| Contributions & Donations | 339,500 | 62,500 | (277,000) | (81.6) % | - |
| Investment Income | 25,000 | 467,199 | 442,199 | 1768.8 % | 404,369 |
| Subtotal - Other Income | 4,971,765 | 5,405,128 | 433,363 | 8.7 % | 5,908,239 |
| **Total Revenues** | **$ 44,988,731** | **$ 31,681,958** | **$ (13,306,773)** | **(29.6) %** | **$ 11,283,069** |
| | | | | | |
| **Expenditures** | | | | | |
| Salary and Benefits | $ - | $ 1,397,771 | $ (1,397,771) | | $ 706,460 |
| Capital Outlay | 50,948,685 | 17,000,555 | 33,948,130 | 66.6 % | 7,350,105 |
| Subtotal - Capital Project Expenditures | 50,948,685 | 18,398,326 | 32,550,359 | 63.9 % | 8,056,566 |
| Services and Charges | 270,000 | 468,563 | (198,563) | (73.5) % | 256,821 |
| Interfund Payments for Services | 26,500 | 26,496 | 4 | 0.0 % | 30,300 |
| Debt Service Principal and Interest | 204,100 | 207,018 | (2,918) | (1.4) % | 204,650 |
| Operating Transfer Out | 100,000 | 49,670 | 50,330 | 50.3 | - |
| **Total Expenditures** | **$ 51,549,285** | **$ 19,150,073** | **$ 32,399,212** | **62.9 %** | **$ 8,548,337** |
| | | | | | |
| **Net Change in Fund Balance** | **$ (6,560,554)** | **$ 12,531,884** | **$ 19,092,438** | **291.0 %** | **$ 2,734,732** |

| | |
|---|---|
| Beg. Fund Balance, January 2025 | $ 11,386,320 |
| Net Change in Fund Balance, December 2025 | 12,531,884 |
| Ending Fund Balance, December 2025 | $ 23,918,204 |
| | |
| 2025 Budgeted Ending Fund Balance | $ 4,825,766 |

The table below presents the status of the projects with the most significant budget impact on the fund. Many capital projects are budgeted over multiple years; what is displayed below is the 2025 portion of each project's budget and annual expenditures.

| Fund 102 - General Transportation Fund<br>Capital Projects Status (rounded) | | | | |
|---|---|---|---|---|
| **Name** | **2025 Budget** | **YE Actual** | **Remaining** | **% of Capital Project Budget** |
| AWS Imp. -Hemlock St SE to Poplar St SE | $ 9,530,000 | $ 4,300,000 | $ 5,230,000 | 19% |
| M St NE Widening- E Main St to 4th St NE | 5,140,000 | 290,000 | 4,850,000 | 10% |
| C St SW Presrv (W Main to GSA Signal) | 3,520,000 | 2,580,000 | 940,000 | 7% |
| Regional Growth Center Access Imp | 3,220,000 | 2,570,000 | 650,000 | 6% |
| East Valley Highway Widening | 2,990,000 | 870,000 | 2,120,000 | 6% |
| R St SE & 21st St SE Roundabout | 2,720,000 | 230,000 | 2,490,000 | 5% |
| 10th Street NE Non-Motorized Improvement | 2,060,000 | 30,000 | 2,030,000 | 4% |
| A St Preservation (37th St SE to Lakelnd | 1,950,000 | 960,000 | 990,000 | 4% |
| 49th Street NE (Auburn Way N to D St NE) | 1,900,000 | 910,000 | 990,000 | 4% |
| All Other Projects (32 Remaining) | 17,920,000 | 5,660,000 | 12,260,000 | 35% |
| **Total** | **$ 50,950,000** | **$ 18,400,000** | **$ 32,550,000** | **100%** |

The projects noted above are in various stages of activity; remaining budget for eligible projects will be carried over into 2026 as work continues to progress.

**Fund 105 – Transportation Benefit District Fund**

The Transportation Benefit District (TBD) Fund is a special revenue fund that was historically designated as the Arterial Street Preservation Fund and funded by a portion of the City's utility tax revenues. Beginning in 2023, this funding was replaced by a 0.1% sales and use tax enacted by the City's Transportation Benefit District via Ordinance No. 6881, and the fund was repurposed accordingly. To ensure that restricted TBD revenues are not commingled with other funding, all other street-related revenues are now recorded exclusively in the General Transportation Fund.

Collections of the Public Transportation Sales & Use Tax remained flat in 2025 compared to 2024, totaling $2.7 million. Interest earnings rose from $211,000 in 2024 to $320,000 in 2025, a $109,000 increase.

The 2025 budget included $3.7 million in transfers out for Arterial Street Preservation projections; however, only $1.7 million was transferred through year-end. Given that interfund transfers occur as expenditures are incurred, the remaining budget for these projects are expected to be carried forward into 2026.

The table below presents the fund's total revenues and expenditures through December 31, 2025.

| Fund 105 - Transportation Benefit Fund<br>Summary of Sources and Uses Through December 2025 | | | | | |
|---|---|---|---|---|---|
| | 2025 | | Favorable (Unfavorable) | | 2024 |
| | YE Budget | YE Actual | Amount | Percentage | YE Actual |
| **Revenues** | | | | | |
| Cable TV Tax | - | - | - | | 41,701 |
| Public Transportation Sales & Use Tax | 2,124,000 | 2,709,672 | 585,672 | 27.6 % | 2,655,210 |
| Grants | - | - | - | | 766,752 |
| Transportation | - | - | - | | 361,768 |
| Interest Earnings | 20,000 | 320,313 | 300,313 | 1501.6 % | 210,947 |
| **Total Revenues** | **$ 2,144,000** | **$ 3,029,985** | **$ 885,985** | **41.3 %** | **$ 4,036,378** |
| | | | | | |
| **Expenditures** | | | | | |
| Salary and Benefits | $ - | $ - | $ - | | $ 412,545 |
| Capital Outlay | - | - | - | | 3,751,436 |
| Subtotal - Capital Project Expenditures | - | - | - | | 4,163,981 |
| Services and Charges | - | - | - | | 125,473 |
| Operating Transfer Out | 3,663,366 | 1,685,254 | 1,978,112 | 54.0 % | - |
| | | | | | |
| **Total Expenditures** | **$ 3,663,366** | **$ 1,685,254** | **$ 1,978,112** | **54.0 %** | **$ 4,289,454** |
| **Net Change in Fund Balance** | **$ (1,519,366)** | **$ 1,344,731** | **$ 2,864,097** | **(188.5) %** | **$ (253,076)** |

| | |
|---|---|
| Beg. Fund Balance, January 2025 | $ 5,519,945 |
| Net Change in Fund Balance, December 2025 | 1,344,731 |
| Ending Fund Balance, December 2025 | $ 6,864,676 |
| | |
| 2025 Budgeted Ending Fund Balance | $ 4,000,579 |

## Fund 124 – Mitigation Fees

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

*Mitigation fees* are variable charges collected through the State Environmental Policy Act (SEPA) review process when the City's determines that a project must compensate for a unique effect it has on the community.

*Impact fees* are fixed fees collected automatically on eligible projects. These fees are adopted annually by the City Council based on projects anticipated in the six-year Capital Facilities Plan. Fire and School Impact fees are collected and reimtted on behalf of the Valley Regional Fire Authority, Auburn School District, Kent School District, Federal Way School District, and Dieringer School District.

Expenditures from this fund consists of transfers to capital project funds to support the cost of transporation and parks capital projects. These projects represent new or enhanced infrastructure necessary to absorb the impact of development.

In 2025, the City received $719,000 in mitigation and impact revenues, largely driven by commercial transportation impact fees ($640,000), parks impact fees ($38,000) and fire impact fees ($34,000). Interest and investment income totaled $578,000 in 2025, an increase of $23,000 from the prior year's $555,000.

Overall, the fund experienced a $8.5 million favorable variance to budget, driven by lower-than-budgeted expenditures (-$8.4 million) and marginally higher than budgeted revenues (+$60,000). Similar to the streets funds, expenditure budget-to-actual variances are largely driven by project timing. The underspend in this fund is the result of the timing of multiple capital projects funded by mitigation and impact fee revenues.

**Fund 124 - Mitigation Fees**
**Summary of Sources and Uses Through December 2025**

| Fee Type | Budget | | YE Actuals | | | Favorable (Unfavorable) Variance | |
|---|---|---|---|---|---|---|---|
| | Revenues | Expenditures | Revenues | Expenditures | Ending Fund Balance | Revenues | Expenditures |
| Transportation Impact Fees | $ 950,000 | $ 10,083,621 | $ 640,500 | $ 4,480,337 | $ 7,117,784 | $ (309,500) | $ 5,603,284 |
| Traffic Migitation Fees | - | - | - | - | (468) | - | - |
| Fire Impact Fees | 87,000 | 75,000 | 34,099 | - | 449,429 | (52,901) | 75,000 |
| Fire Mitigation Fees | - | - | - | - | 81 | - | - |
| Parks Impact Fees | 175,000 | 2,898,468 | 38,500 | 184,026 | 4,168,387 | (136,500) | 2,714,442 |
| Parks Mitigation Fees | - | - | - | - | 206,913 | - | - |
| School Impact Admin Fees | 2,000 | - | 4,072 | - | 118,928 | 2,072 | - |
| Wetland Mitigation Fees | - | - | - | - | 3,174 | - | - |
| Truck Impact Fees | - | - | 1,908 | - | 42,961 | 1,908 | - |
| Interest and Investment Income | 22,900 | - | 577,590 | - | 577,590 | 554,690 | - |
| Fees in Lieu of Improvements | - | - | - | - | 29,806 | - | - |
| Permit Processing Fees | - | - | - | - | - | - | - |
| **Total** | **$ 1,236,900** | **$ 13,057,089** | **$ 1,296,669** | **$ 4,664,362** | **$ 12,714,584** | **$ 59,769** | **$ 8,392,727** |

| | |
|---|---|
| Beginning Fund Balance, January 2025 | $ 16,082,277 |
| Net Change in Fund Balance, December 2025 | (3,367,693) |
| Estimated Ending Fund Balance, December 2025 | $ 12,714,584 |

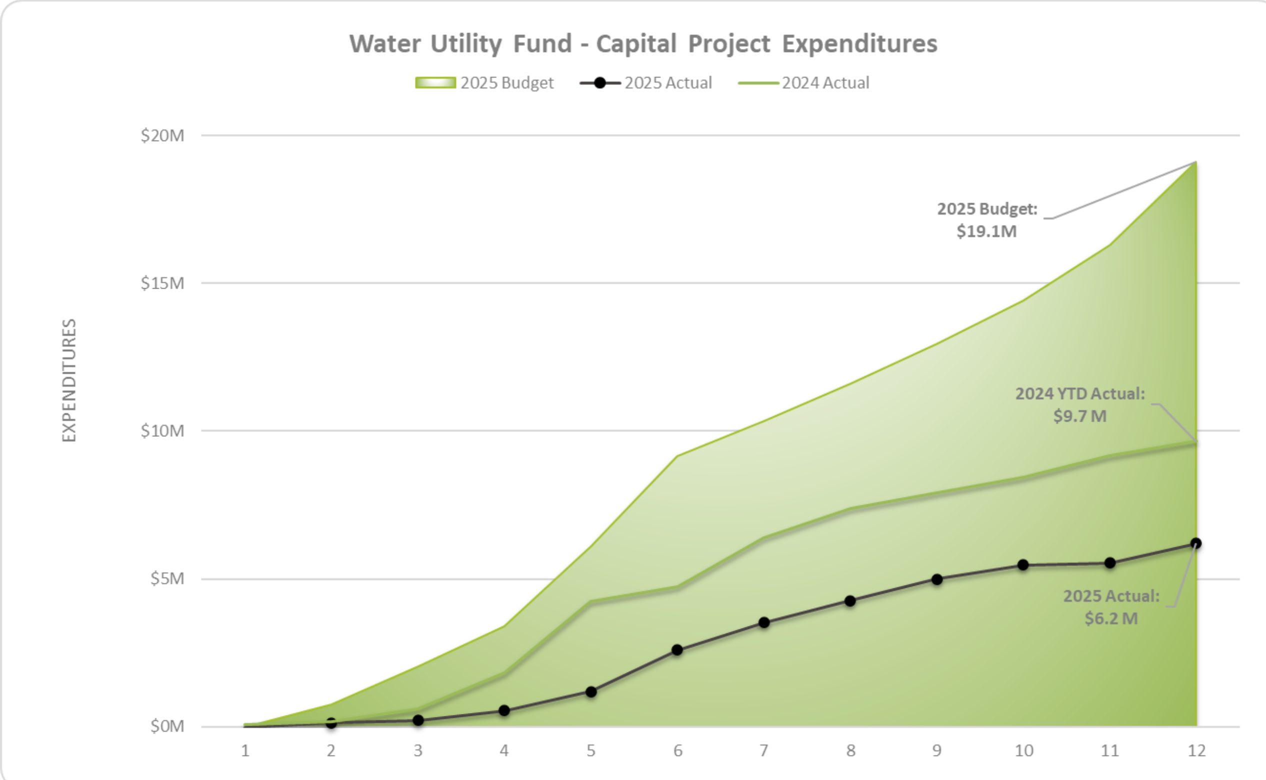
## Enterprise Funds

A detailed working capital report for Enterprise and Internal Service funds are provided in an attachment at the end of this report. The attachment provides operating and capital activity for these funds showing budget, actuals, and variances.

Through December 2025, the **Water Utility Fund** outperformed revenue expectations by $2.6 million. Water sales increased from $19.2 million in 2024 to $21.7 million in 2025, a gain of $2.5 million. Interest earnings remained flat at $1.0 million, consistent with expectations based on the fund activity and overall performance of the City's cash and investments portfolio.

The fund also came in $432,000 below budgeted operating expenditures, performing favorably across all categories except for supplies, which were $94,000 overbudget. This pattern is consistent with the fund's performance in the prior year. Compared to 2024, operating expenditures increased by $1.8 million, mainly due to increases in personnel costs (+$239,000), public utilities charges (+$130,000), utilities interfund and excise taxes (+$509,000), and interfund allocations (+$803,000).

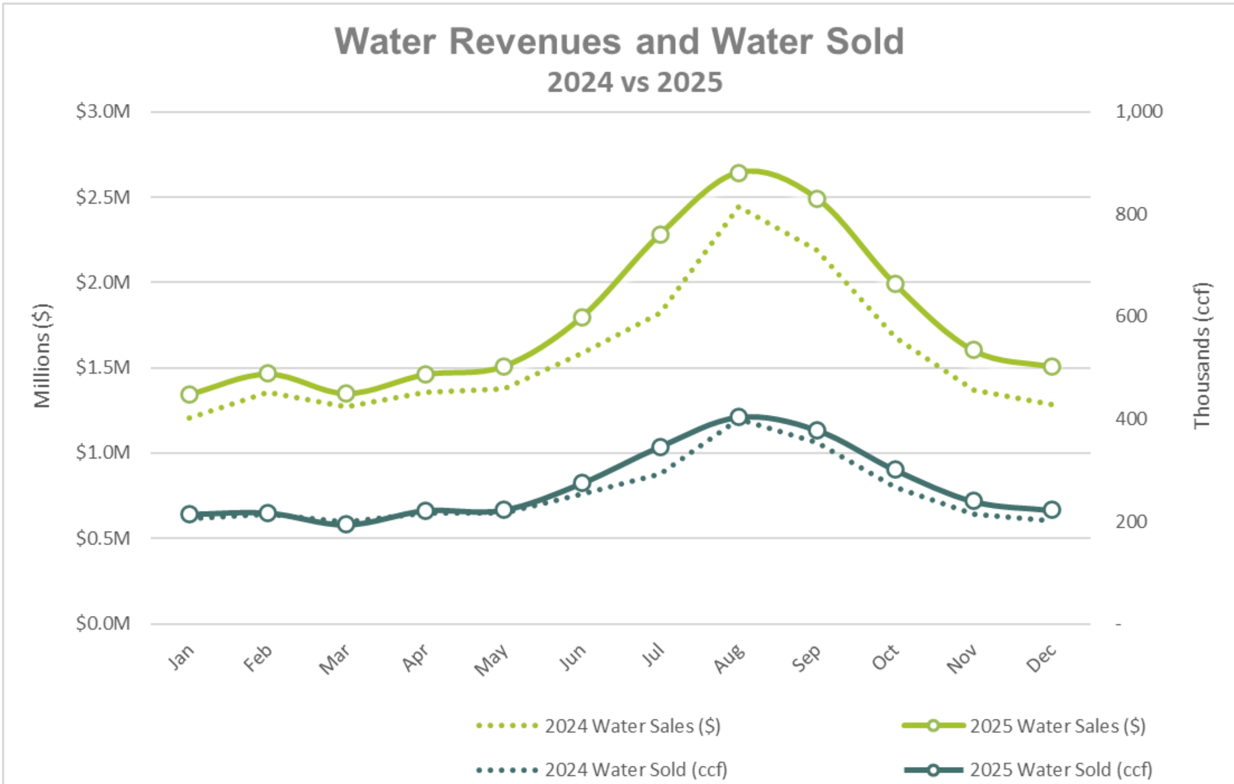
In 2025, the Water Utility Fund had operating income of $8.4 million (operating revenues less operating expenditures), approximately $722,000 above last year. When combined with non-operating income and the activities of the capital sub-fund, the utility's total working capital increased by $195,000 for the year. Ending working capital for the fund was $13.8 million favorable to budget due to the favorable variances noted above in operating revenues (+$2.6 million) and operating expenditures (-$431,000), along with lower-than-budgeted capital project spending due to scheduling delays (-$12.9 million). Given the lower project spend, grant revenues were also lower than budgeted (-$1.2 million), partially offsetting these favorable results.




| Fund 430 - Water Utility Capital Projects Status (rounded) | | | | |
|---|---|---|---|---|
| Name | 2025 Budget | YE Actual | Remaining | % of Capital Project Budget |
| Reservoir 2 Valves | $ 3,040,000 | $ 256,000 | $ 2,784,000 | 16% |
| 112th Pl SE Water Main Replacement | 2,880,000 | 129,000 | 2,751,000 | 15% |
| C St SW Presrv (W Main to GSA Signal) | 1,790,000 | 1,757,000 | 33,000 | 9% |
| AWS Imp. -Hemlock St SE to Poplar St SE | 1,350,000 | 567,000 | 783,000 | 7% |
| Reservoirs 4 and 8 Seismic Retrofits | 1,170,000 | 961,000 | 209,000 | 6% |
| 2025 Local Street Preservation | 1,080,000 | 502,000 | 578,000 | 6% |
| All Other Projects (34 budgeted) | 7,790,000 | 2,037,000 | 5,753,000 | 41% |
| **Total** | **$ 19,100,000** | **$ 6,209,000** | **$ 12,891,000** | **100%** |

Eight of the 40 capital projects budgeted in 2025 were completed during the year, representing $1.7 million (9.0%) of the Water Utility Fund's capital budget. The remaining 32 projects are in various stages of completion and are expected to continue into 2026.

Billable water consumption in 2025 totaled 3.2 million ccf (ccf = hundred cubic feet), approximately 200,000 ccf (6.6%) higher than 2024. Updated water rates also contributed to the increase in water sales revenue compared to the prior year. Every customer class experienced a year-over-year increase in usage except for municipality accounts, which decreased nominally compared to the overall increase in usage (-705 ccf).



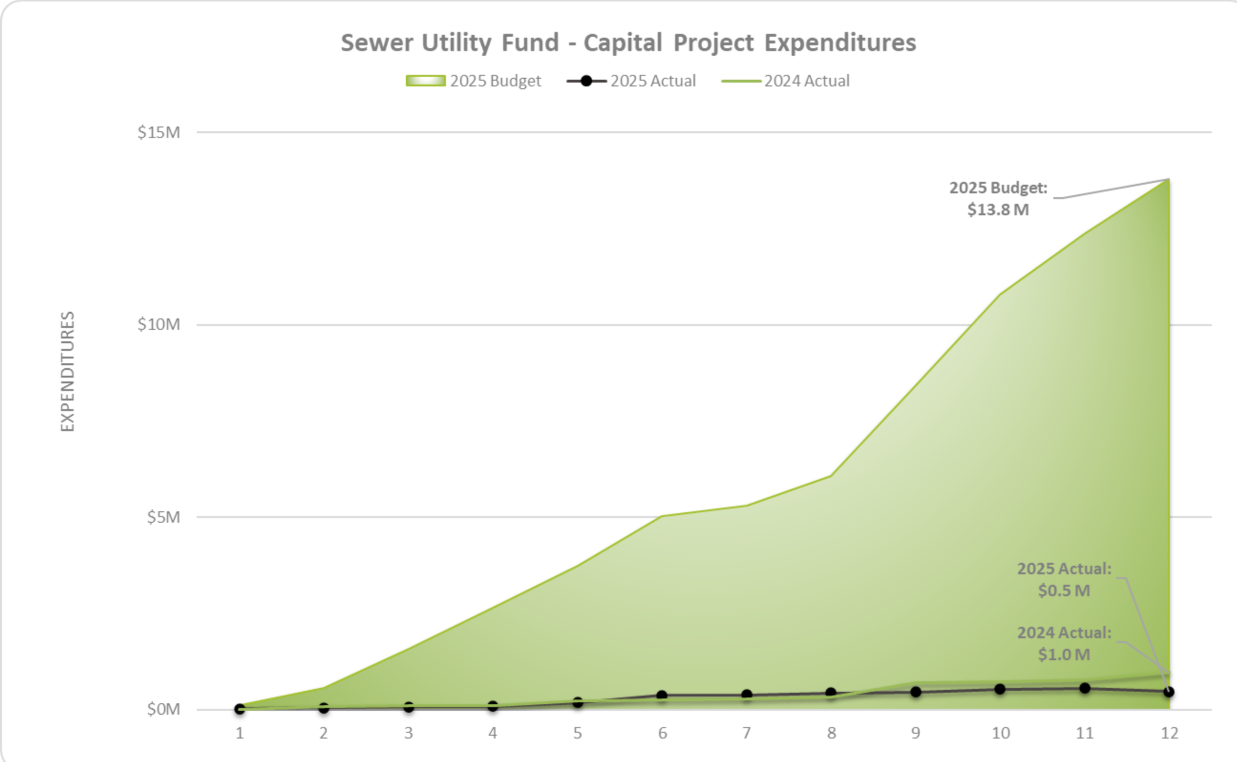

Through the end of 2025, the **Sewer Utility Fund** finished with operating income of $5.1 million, a marginal decrease of $97,000 compared to the $5.2 million recorded last year. Net of non-operating activity, including increased capital project spending, the utility experienced an overall increase in working capital of $3.7 million.

Operating revenues were up $971,000 (8.0%) compared to last year, due primarily to an increase of $998,000 in charges for sewer service. Interest earnings stayed steady at $1.3 million year-over-year. Both charges for service and interest earnings exceeded budget expectations in 2025, contributing to revenues that exceeded budget by $2.7 million.

Operating expenditures totaled $8.0 million, coming in $401,000 below the $8.4 million budget. This favorable variance was driven primarily by savings of $243,000 in personnel costs and lower-than-anticipated service charges (-$192,000).

Although expenditures were favorable to budget, actual operating costs increased from $6.9 million in 2024 to $8.0 million in 2025. This was due primarily to increased supplies costs (+$71,000), miscellaneous service charges (+$144,000), repairs and maintenance costs (+$373,000), and interfund support charges (+$522,000).

Ending working capital for the Sewer Utility Fund was $16.6 million favorable to budget, due to the variances noted above in operating revenues (+$2.7 million), and lower than anticipated capital project spend due to scheduling delays (-$13.3 million).



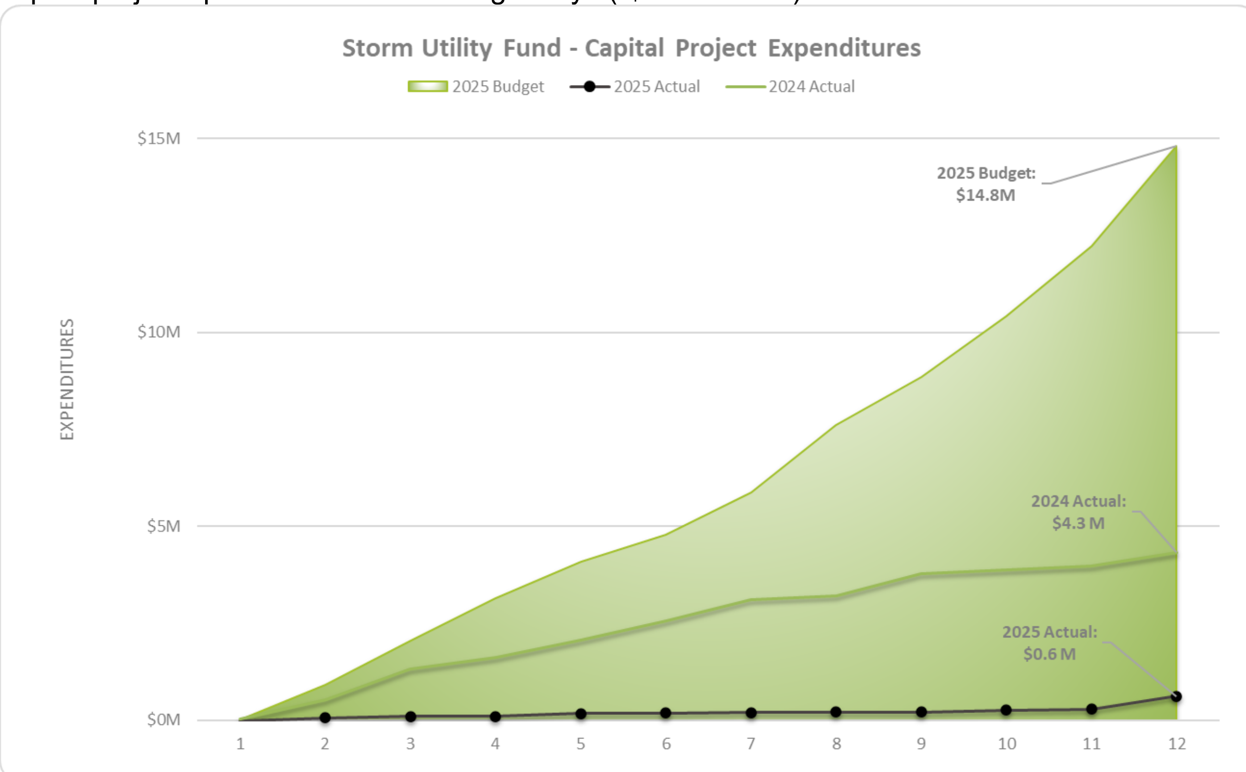

| Fund 431 - Sewer Utility Capital Projects Status (rounded) | | | | |
|---|---|---|---|---|
| Name | 2025 Budget | YE Actual | Remaining | % of Budget |
| Rainier Ridge Pump Station Rehab./Replac | $ 9,430,000 | $ 40,000 | $ 9,380,000 | 68% |
| 2026 Sewer Repair & Replace Improvement | 1,810,000 | 90,000 | 1,730,000 | 13% |
| 2024 Sewer Repair and Replacement | 1,080,000 | 60,000 | 1,020,000 | 8% |
| All Other Projects (12 budgeted) | 1,480,000 | 290,000 | 1,190,000 | 11% |
| **Total** | **$ 13,800,000** | **$ 480,000** | **$ 13,320,000** | |

Three of the 15 Sewer Utility Fund projects budgeted in 2025 were completed, representing $128,000 of the $13.8 million capital budget for the Sewer Utility Fund. The remaining 12 projects are in various stages of completion and are expected to continue into 2026

In 2025, the **Stormwater Utility Fund** exceeded budgeted operating revenues by $1.3 million, driven by charges for storm drainage service (+$363,000) and interest earnings (+$967,000). Compared to 2024, operating revenues were up by $1.2 million, driven by increased collections for storm service charges (+$900,000) and interest earnings (+$295,000). Because most storm drainage service charges are based on a flat rate, there are not typically seasonal fluctuations in revenue. Accordingly, service charge revenues generated on average $3.4 million per quarter in 2025, totaling $13.5 million through December and up from the prior year's quarterly average of $3.1 million.

Operating expenditures were $57,000 below budget, due to lower-than-anticipated expenditures on personnel costs and service charges, but partially offset by higher than anticipated supply costs. Total operating expenditures of $11.1 million were $1.2 million higher compared to last year. Most of this increase is due to higher other service charges (+$477,000), including professional services (+$171,000) and other charges such as utility and excise taxes (+$117,000). Like the other enterprise funds, the Stormwater Utility also saw an increase in interfund support charges of $579,000 compared to 2024.

Overall, the Stormwater Utility recorded operating income of $3.5 million compared to $3.4 million last year. The fund finished the year with a net increase in working capital of $1.5 million. Ending working capital for the Stormwater Utility Fund was $15.2 million favorable to budget, due to the favorable variances noted above in operating activity (+$1.4 million) and lower than anticipated capital project spend due to scheduling delays (-$14.2 million).




| Fund 432 - Storm Utility Capital Projects Status (rounded) | | | | |
|---|---|---|---|---|
| **Name** | **2025 Budget** | **YE Actual** | **Remaining** | **% of Capital Project Budget** |
| West Main St Pump Station Upgrade | $ 5,690,000 | $ 200,000 | $ 5,490,000 | 38% |
| 112th Pl SE Water Main Replacement | 1,890,000 | 10,000 | 1,880,000 | 13% |
| R St SE Widening - 22nd St SE to 33rd | 1,210,000 | 20,000 | 1,190,000 | 8% |
| Street Utility Improvements -Storm Fund | 900,000 | - | 900,000 | 6% |
| 2026 Storm Repair and Replacement | 880,000 | - | 880,000 | 6% |
| All Other Projects (19 budgeted) | 4,230,000 | 400,000 | 3,830,000 | 29% |
| **Total** | **$ 14,800,000** | **$ 630,000** | **$ 14,170,000** | **100%** |

24 total capital projects were budgeted in the Stormwater Utility Fund in 2025. All of these projects were active as of December 31, 2025, and activity is expected to continue into 2026.

The **Solid Waste Utility Fund** finished 2025 operating income $822,000 higher than budgeted. This outcome reflects stronger-than-expected revenues (+$472,000) along with expenditures that came in $350,000 below budget.

Operating revenues rose by $2.2 million, increasing from $31.0 million in 2024 to $33.1 million in 2025. This increase is due primarily to higher service rates compared to the year prior, which drove revenue from service charges from $31.0 million in 2024 to $32.9 million in 2025. Operating income for the year was $938,000, an increase of $318,000 compared to 2024.

Operating expenditures increased $1.8 million, from $30.3 million in 2024 to $32.2 million in 2025. The primary cost increase drivers were payments to the City's contracted solid waste provider (+$1.3 million), litter control services (+$138,000) and other miscellaneous service charges (+$184,000), .These increases were partially offset by year-over-year decreases in supplies (-$23,000), interfund support charges (-$22,000) and personnel costs (-$18,000).

The current mix of solid waste customer account types is:

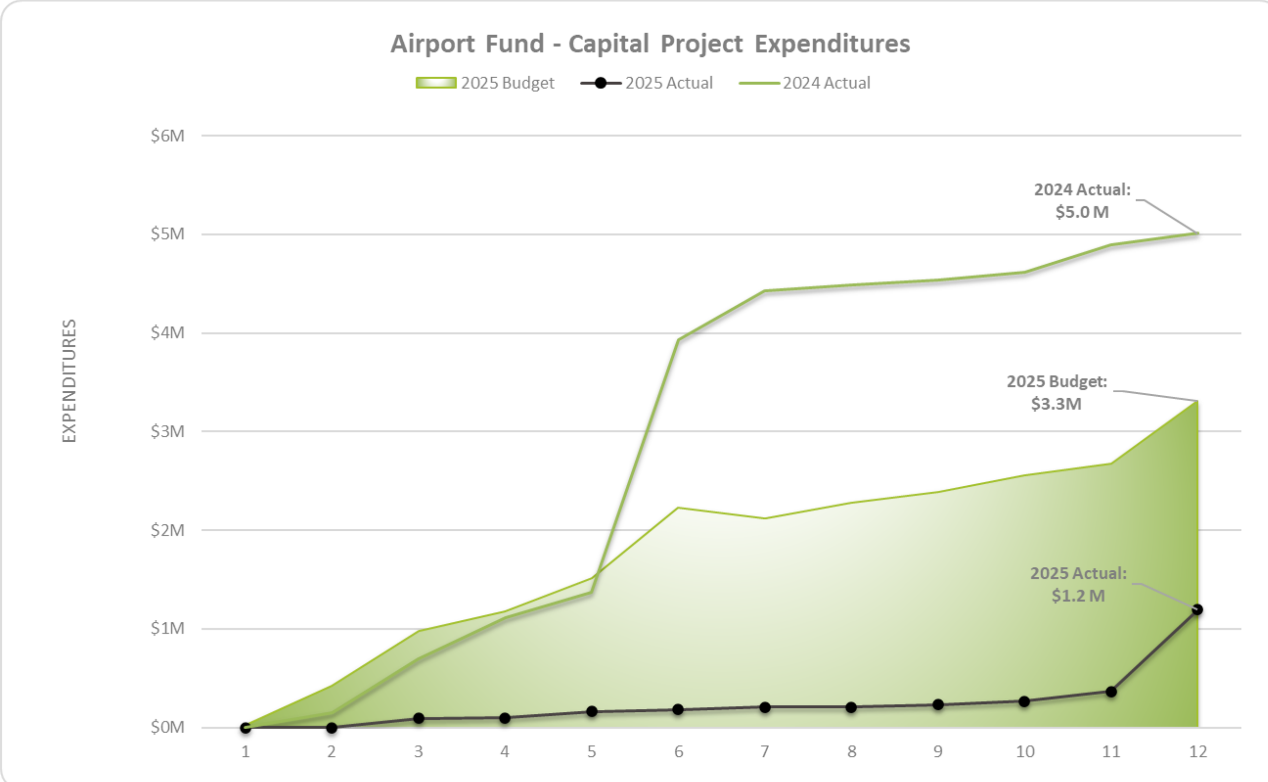
- 92.7% Residential
- 5.7% Commercial
- 1.6% Multifamily

Tonnage collected increased marginally from 65,914 tons in 2024 to 66,680 tons in 2025. The diversion rate - representing the portion of waste recycled or collected as yard waste rather than sent to the landfill - was 26% for 2025, totaling 17,530 diverted tons. This is slightly below the 2024 diversion level of 18,000 tons (27%).

The **Airport Fund** saw operating revenues exceed budget by $251,000, while operating expenditures were $70,000 below budget. There is a direct correlation between supply costs for fuel for resale and revenues for fuel sales which is reflected in the fund's activity in 2025. Together, these outcomes combined for operating activity that was $321,000 favorable to budget. Revenues exceeded expectations across several categories, including charges for service (+$55,000), interest earnings (+$56,000) and rent and lease revenue (+$118,000). On the expenditure side, lower-than-anticipated personnel costs (-$27,000) and supply costs (-$23,000) were the primary contributors to spending coming in below budget.

Operating income for the year was $416,000, an increase of approximately $62,000 compared to 2024. This growth was driven mainly by increased fuel sales(+$423,000) and miscellaneous revenues such as rentals and leases (+$150,000). These gains were partially offset by higher operating costs, including fuel purchased for resale (+$317,000) and interfund support charges (+$180,000).

In all, the Airport Fund saw a higher-than-expected increase in working capital of $1.3 million compared in 2025, due in part to favorable operating activity as noted above (+$321,000) and slower than anticipated activity related to fund's capital projects (-$2.1 million) .



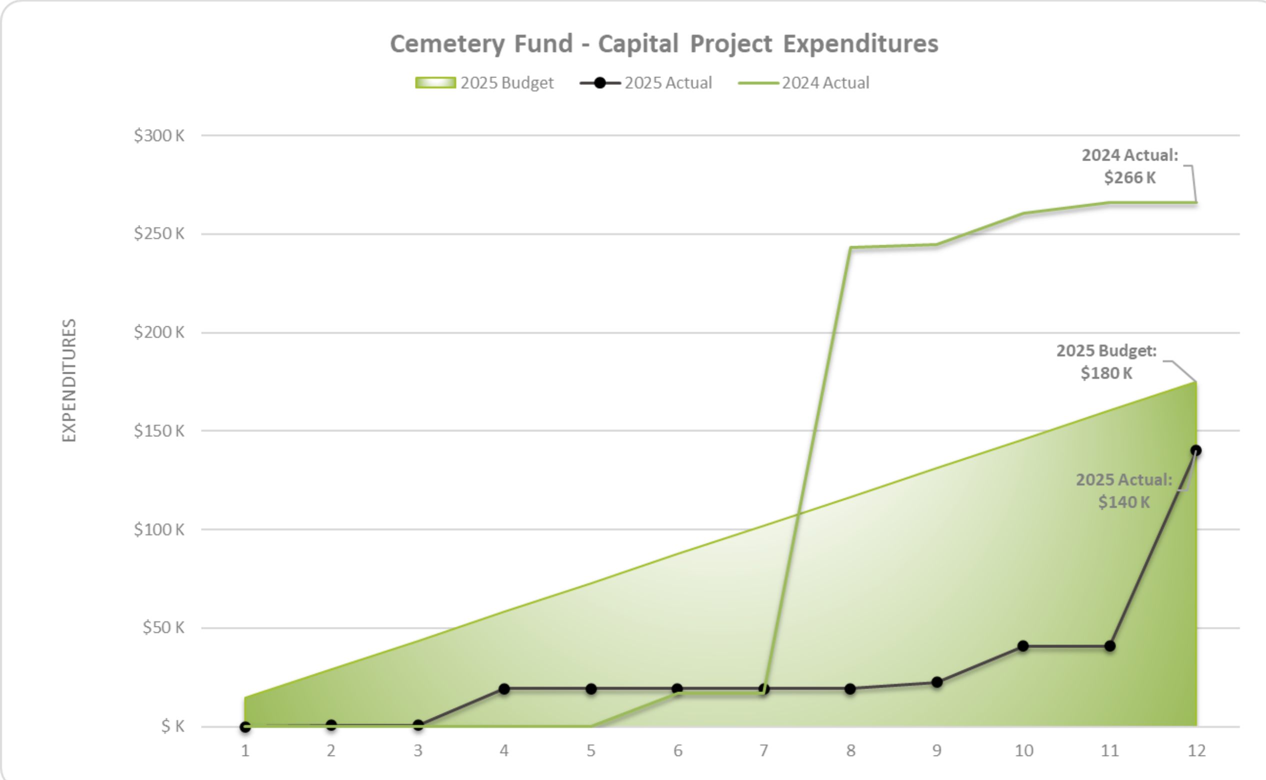

| Fund 435 - Airport<br>Capital Projects Status (rounded) | | | | |
|---|---|---|---|---|
| Name | 2025 Budget | YE Actual | Remaining | % of Capital Project Budget |
| AWOS, Beacon & Emergency Generator | $ 2,020,000 | $ 1,070,000 | $ 950,000 | 61% |
| Airport T-Hangar Upgrades (F Row) | 630,000 | - | 630,000 | 19% |
| Runway and Taxiway Imp. & RSA Grading | 500,000 | 90,000 | 410,000 | 15% |
| Annual Repair and Replacment of Airport | 130,000 | - | 130,000 | 4% |
| F Hangar Electrical Upgrades | 30,000 | 30,000 | - | 1% |
| **Total** | **$ 3,310,000** | **$ 1,190,000** | **$ 2,120,000** | **100%** |

This fund had five projects budgeted in 2025, for a total of $3.3 million. As of December 31, 2025, the Runway and Taxiway Improvement & RSA Grading project was considered substantially complete. The remaining four projects are active, with activity expected to continue into 2026.

The **Cemetery Fund** ended 2025 with operating revenues $481,000 above budget and operating expenditures $83,000 below budget, resulting in operating income $563,000 higher than expected.

The Cemetery fund saw increases in operating expenditures (+$152,000) compared to the prior year, driven by increases in personnel costs (+$38,000), and interfund cost allocation for support services (+$127,000). These increased expenses were partially offset by savings in supplies expenditures (-$14,000).

Working capital increased by $34,000 in 2025, compared to a decrease of $178,000 in the prior year. This fluctuation was due in part to increased capital project activity in 2024. Total operating income increased $89,000 from $86,000 in 2024 to $175,000 in 2025, driven primarily by an increase of $251,000 in charges for service, and a decrease of $10,000 in interest earnings.




| Fund 436 - Cemetery Capital Projects Status (rounded) | | | | |
|---|---|---|---|---|
| **Name** | **2025 Budget** | **YE Actual** | **Remaining** | **% of Capital Project Budget** |
| Cemetery Development - 10th addition | $ 170,000 | $ 130,000 | $ 40,000 | 94% |
| Forest Walk - Phase 3a | 10,000 | 10,000 | - | 6% |
| **Total** | **$ 180,000** | **$ 140,000** | **$ 40,000** | **100%** |

The Forest Walk – Phase 3a project was completed in 2025, and activity related to the Cemetery Development – 10th addition project is expected to continue in 2026.

### Internal Service Funds

Internal service funds generate revenues through charges to other City departments to sufficiently cover anticipated expenditures. If an internal service fund sees net operating income or loss, it is generally caused by timing differences between collections from other City departments and the fund's expenditures.

The **Facilities Fund's** operating expenditures were $4.0 million in 2025, $645,000 lower than the $6.7 million that was budgeted. This is due to the timing difference between budgeted professional services contracts and actual work performed (-$518,000), as well as lower-than-expected personnel costs (-$109,000) and interfund allocations (-$48,000).

The fund saw a decrease of $691,000 in operating expenditures from $4.7 million in 2024 to $4.0 million in 2025. The primary driver of this decrease was contracted professional services that were not completed in 2025, which are expected to be carried forward into 2026. The fund's year-over-year decrease in professional services was partially offset by increases in supplies (+$56,000) and interfund allocations (+$160,000).

The **Equipment Rental Fund** saw a significant increase in interfund allocations, from $3.5 million in 2024 to $8.1 million in 2025, due to planned vehicle replacements either expected in 2025 or carried forward from the prior year.

In 2025, the fund expended $6.9 million on vehicle replacements, which was $2.4 million lower than anticipated. This was due in part to the timing difference between when vehicle replacements were ordered and when they were received. Most of this remaining budget is expected to be carried forward into 2026.

Operating expenditures increased by $324,000 in 2025 compared to 2024, driven by higher personnel costs (+$155,000), supplies ($44,000) and interfund allocations to other internal service funds (+$313,000). These increases were partially offset by decreases in other service charges (-$189,000).

Despite the year-over-year increase, operating expenditures overall came in $106,000 lower than anticipated. While supplies costs were higher than expected (+$20,000), expenses related to personnel costs (-$70,000), service charges (-$18,000) and interfund allocations to other internal service funds (-$36,000) were lower than budgeted.

No significant variances were reported in the **Workers' Compensation, Insurance,** or **Innovation & Technology** Funds through 2025.

**Contact Information**

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