

AB 6327

Q2 2023 Financial Status Update

Sept 5, 2023



Agenda

1. Budget versus Actuals thru June 30, 2023
2. Budget Amending Ordinance
3. Mid-Biennial Budget Schedule
4. Questions

Budget v. Actuals Overview

FUNDS	Actuals thru 6/30/22	2023 Amended Budget	Actuals thru 6/30/23	Actuals v Amended Budget
GENERAL FUND				
Revenues	\$17.5	\$35.9	\$20.3	56.6%
Expenditures	\$15.9	\$35.9	\$17.6	49.1%
UTILITY FUNDS				
Revenues	\$10.4	\$44.0	\$12.0	27.4%
Expenditures	\$8.8	\$50.8	\$12.4	32.0%

*\$ in Millions. Differences may occur due to rounding.

General Fund Revenues

Construction Activity Driving Revenues

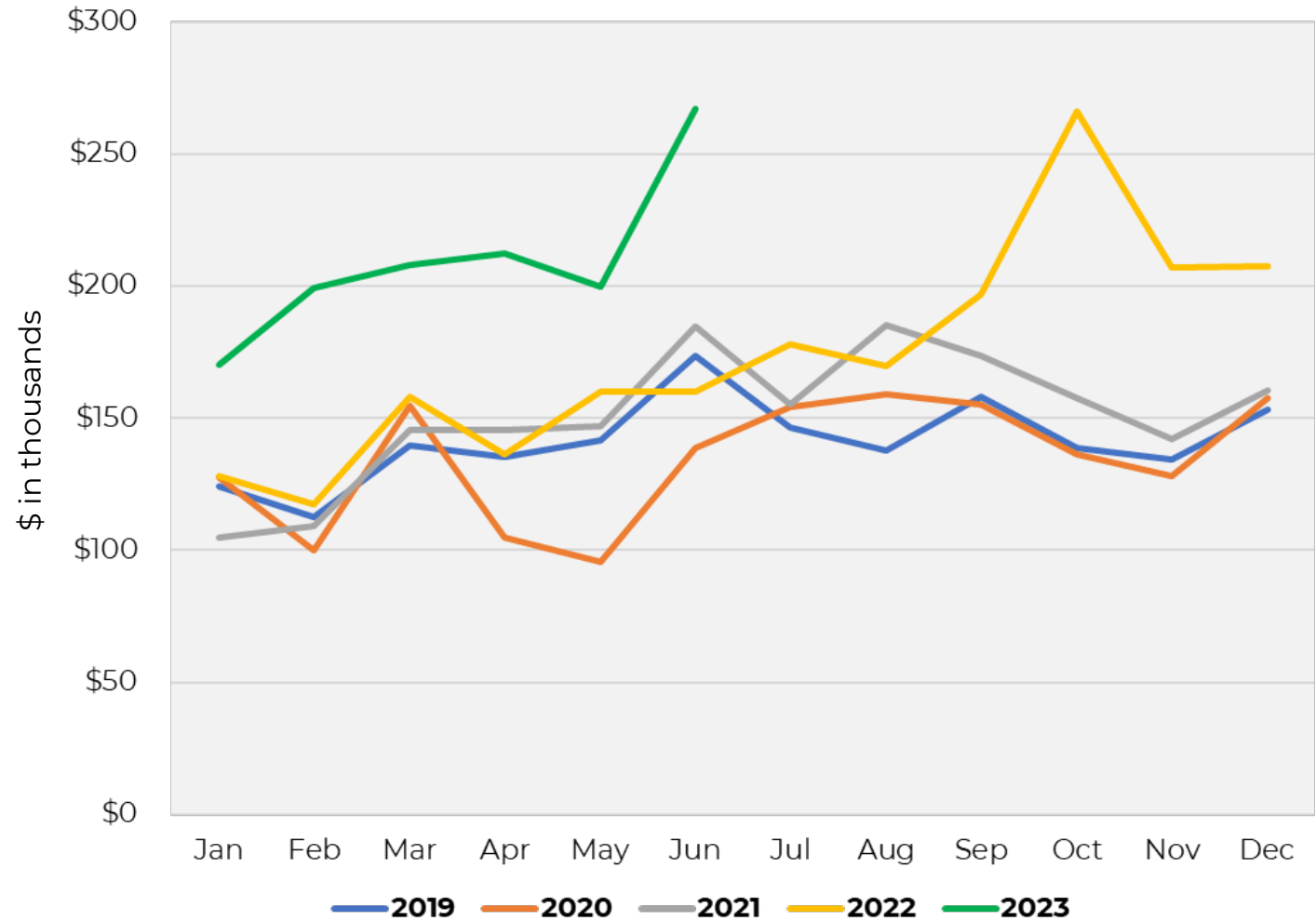
- ❑ License, permit, & zoning revenues are strong.
 - ❑ High-value projects: Riot Games & King County utility upgrades.
- ❑ Sales tax is performing above budget expectations.
 - ❑ Construction sector up \$392K compared to 2022.

Federal Reserve's Target Rates

- ❑ Interest earnings far surpassing budget estimates.

Sales Tax – Construction Sector

- ❑ King County pump station upgrades began May 2022.
 - ❑ Permit not yet issued for conveyance infrastructure.
- ❑ Riot games construction began Jan 2023.



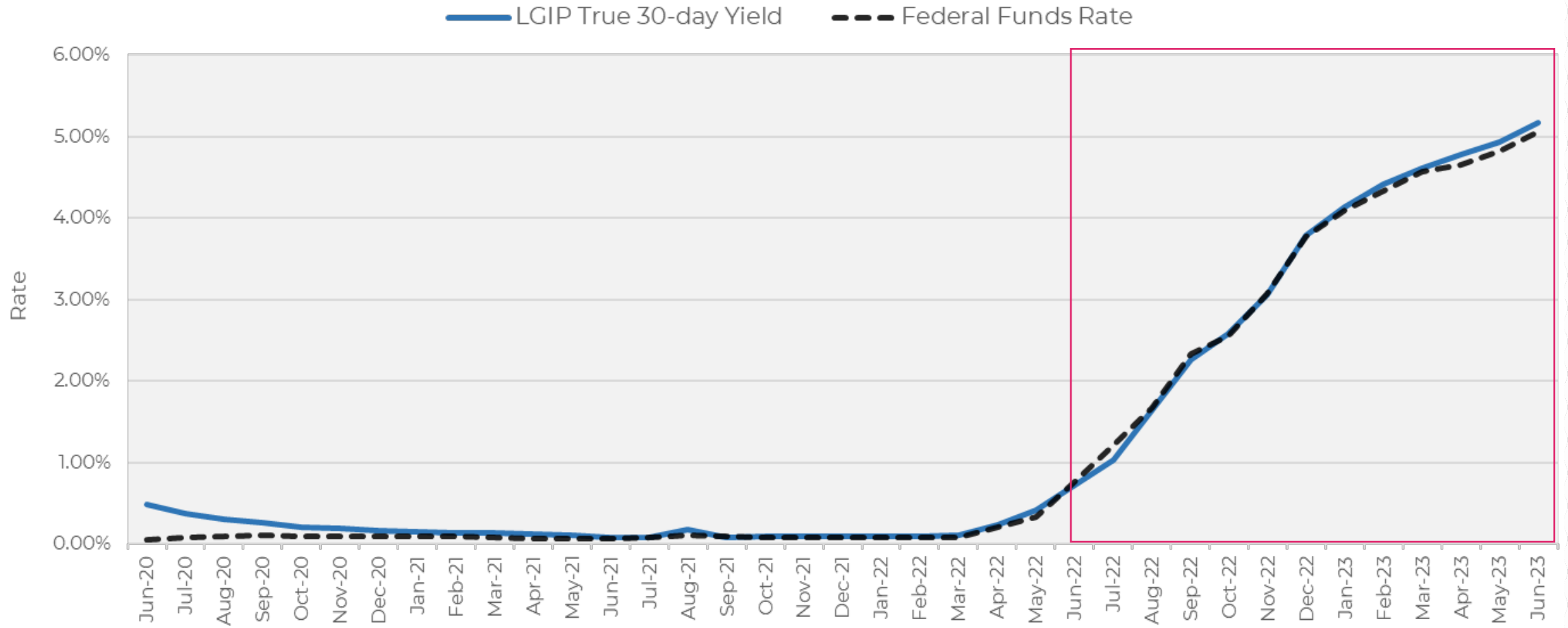
Data source: WA State Dept. of Revenue.

Interest Earnings

- ❑ First six-months, earnings are **\$1.1 M in 2023**. In prior years:
 - ❑ \$90,200 in 2022.
 - ❑ \$38,000 in 2021.
- ❑ Invested with the State Local Govt Investment Pool.
- ❑ Earnings proportionally allocated to City Funds each quarter.

Interest Rates

June 2020 - June 2023



General Fund Expenditures

- Expenditures on track with budget expectations.
 - Increased expenses in 2023 due to COLA & filling vacancies.

EXPENDITURES <i>(\$ in millions)</i>	FY 2023 AMENDED BUDGET	% OF AMENDED BUDGET	ACTUALS thru 6/30/22	ACTUALS thru 6/30/23	ACTUALS v AMENDED BUDGET
Salaries & Benefits	24.8	69%	10.5	12.2	49%
Supplies	0.9	2%	0.3	0.4	47%
Contract Services	3.7	10%	1.3	1.2	33%
Other Services & Charges	6.2	17%	3.1	3.5	56%
Interfund Transfers Out	0.3	1%	0.8	0.3	93%
TOTAL	\$35.9	100%	\$15.9	\$17.6	49%

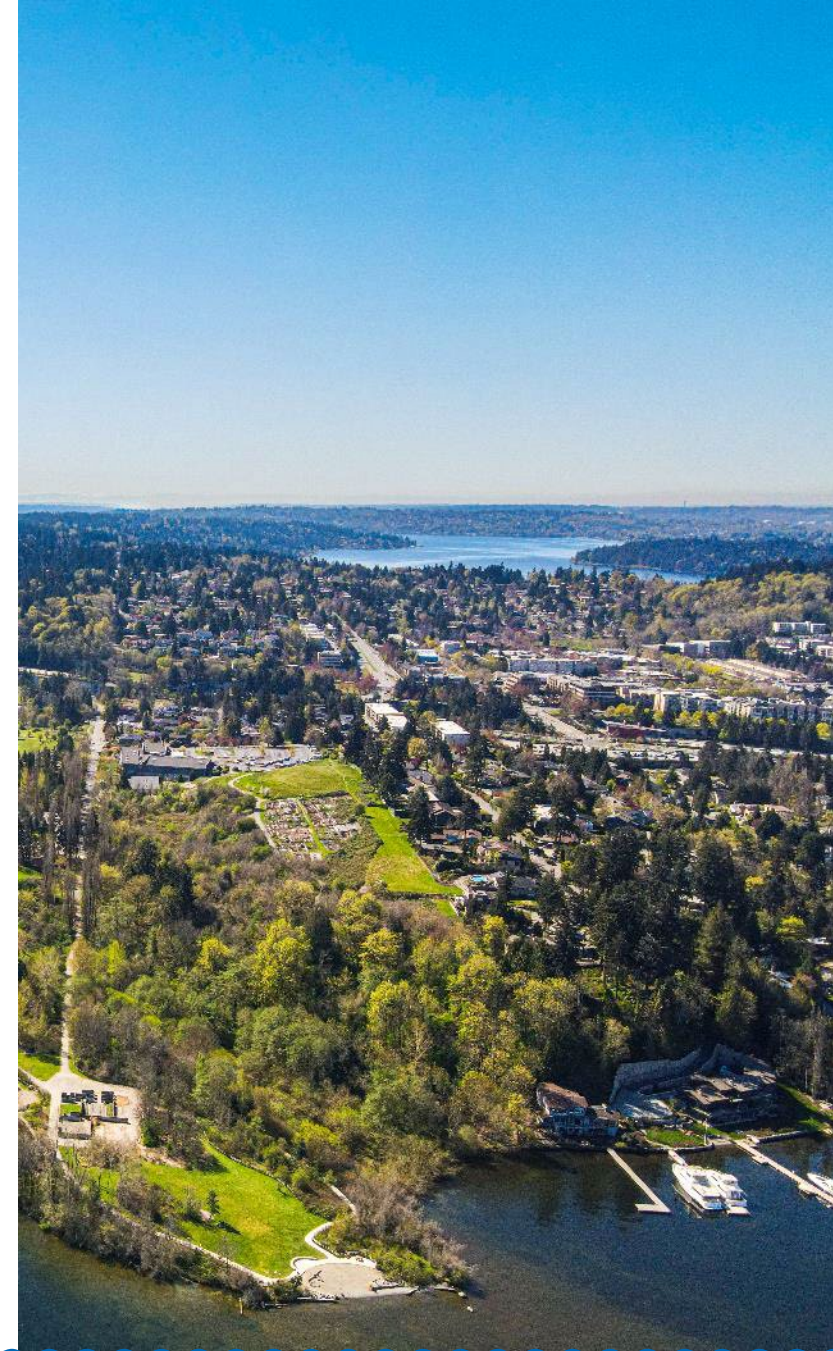
REET Revenues

- Primary source for Street and Capital Funds.
- Revenues are **\$1.6 M** through June, **down \$338,000** from 2022.
 - Lower volume of property sales.
 - **170 sales** in 2022 vs. **150 sales** in 2023.
 - AVG property sale price **down 9.7%** (*excludes property sales over \$5 M*)



Questions

Budget Amending Ordinance No. 23-12



May Council Planning Session

- ❑ City Council appropriated more than \$1.4 M.
 - ❑ \$869K to further the 2023-2024 work plan.
 - ❑ \$220K to fast-track climate-action work items.
 - ❑ \$352K to replenish and increase City reserves.
- ❑ Detailed in Budget Amending Ord. No. 23-12.

ARPA Funds

- ❑ Majority of budget proposals & CAP items used ARPA funds.
- ❑ With adoption of Ord. No. 23-12, remaining balance is **\$1.05 M.**
- ❑ Funds must be committed by 12/2024, spent by 12/2026.

- ❑ As a reminder, funds cannot be used to:
 1. Reduce net tax revenues
 2. Pay down unfunded liabilities
 3. Pay debt or legal settlements.
 4. Replenish financial reserves.

Opioid Settlement Funds

- ❑ Nationwide settlement between state, county, & local govts, pharmaceutical manufacturers, & pharmacies.
 - ❑ \$20 B settlement to abate the opioid crisis.
 - ❑ WA set to receive \$518 M in restricted funds over 17 years.
- ❑ To date, City has received \$42,447.
- ❑ YFS recommendation for proposed uses scheduled this fall.

Mid-Biennial Budget Schedule



**Public hearing.*

Staff Recommendation

- ❑ Adopt Ordinance No. 23-12, amending the 2023-2024 biennial budget.



Questions

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