

INTRODUCTION

The 2025-2026 biennial budget revenue forecast (“forecast”) provides an overview of projected revenues through year-end 2024 and for the 2025-2026 biennium. The forecast focuses on the City’s primary operating funds: the General Fund, the Youth and Family Services Fund, the Development Services Fund, and the Contingency Fund. Projections of key revenues that support the Capital Improvement Program (CIP) are also included.

Analysis is based on information from fiscal years 2021 through 2023, the first six months of 2024 budget actuals, along with the latest local, regional, and national information available. The 2025-2026 Biennial Budget Revenue Forecast projects local economic conditions will get back to what was normal prior to the pandemic. General Fund revenues are projected to slow compared to growth rates in prior years yet remain healthy through the end of the biennium.



2025-2026 BIENNIAL BUDGET REVENUE FORECAST OCTOBER 15, 2024

GENERAL FUND REVENUES

2024

Adopted Budget
\$33.7 million

2024 Forecast
\$39.6 million

2025 Forecast*
\$37.4 million

2026 Forecast
\$38.6 million

** Development service revenues
transition out of the General Fund
beginning Jan 1, 2025.*

Figure 1 includes General Fund revenue projections for fiscal 2024, 2025, and 2026. A summary of each revenue category in the left column is listed below.

Figure 1: 2024 to 2026 General Fund Revenue Forecast

<i>(\$ in thousands)</i>	2024 Adopted Budget	2024 Forecast	Diff. from Amended	2025 Forecast	2026 Forecast
BEGINNING FUND BALANCE				\$0	\$536
REVENUES					
PROPERTY TAX	13,726	13,725	(1)	13,960	14,200
GENERAL SALES TAX	5,600	7,365	1,765	7,639	7,944
UTILITY TAXES	4,739	5,202	463	5,378	5,523
LICENSE, PERMIT, AND ZONING FEES	2,527	3,948	1,421	244	245
B&O TAXES	706	741	35	748	756
PARK AND RECREATION	1,414	1,285	(128)	1,357	1,377
EMS REVENUES	1,973	1,973	-	2,114	2,162
COST ALLOCATION	1,105	1,105	-	2,412	2,527
INTERFUND TRANSFERS	-	-	-	-	-
SHARED REVENUES	1,481	1,808	327	1,658	1,666
MUNICIPAL COURT	193	149	(43)	175	185
MISCELLANEOUS REVENUES	250	338	88	291	291
INTEREST EARNINGS	11	1,944	1,933	1,403	1,155
TOTAL REVENUES	\$33,725	\$39,584	\$5,858	\$37,379	\$38,567

PROPERTY TAX

The 2024 Adopted Budget assumed \$13.7 million (M) in property tax revenue, representing 41% of total General Fund revenues. This is a stable revenue source with payments received in April and October of each calendar year.

Revenues through June are on track to meet 2024 budget assumptions. For 2025 and 2026, the forecast assumes the City will assess a property tax increase of the statutorily allowed 1% of the previously levied amount (e.g., 2024 actual regular levy) plus new construction each year.

SALES TAX

The 2024 Adopted Budget assumed \$5.6 M in total sales tax revenues (general and local criminal justice sales tax revenues), representing 17% of total General Fund revenues. Total sales tax earnings in 2023 were \$7.3 M, a record high for Mercer Island. Overall, sales tax revenues are up 1.9% during the first half of 2024 compared to the prior year and are expected to continue leveling off.

For a long-term view of general sales tax activity, Figures 2 and 3 illustrate historical revenues and year-over-year trends for the City from 2006 through 2023, with 2024 through 2026 projections included for reference.

Figure 2: Total General Sales Tax Revenues

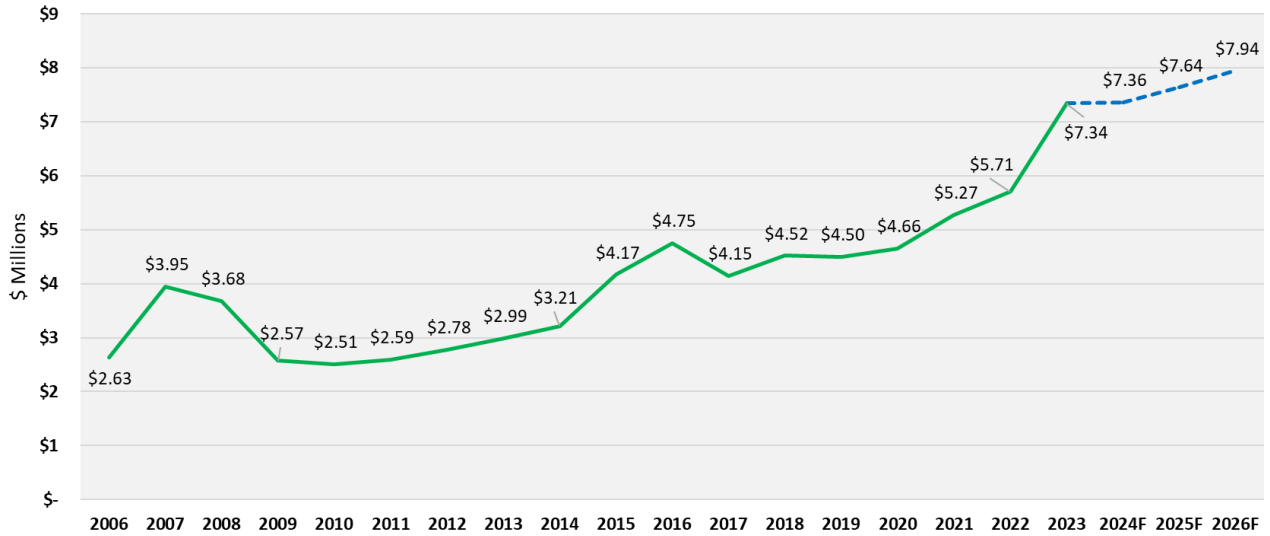
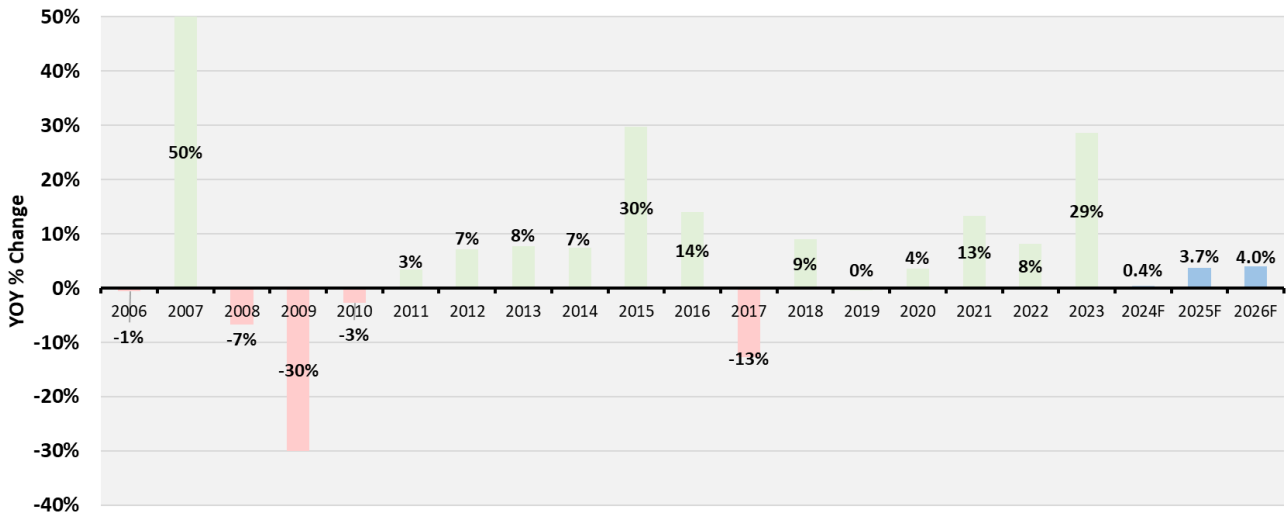


Figure 3: General Sales Tax
Year-over-Year Percent Change



The historical data from the Department of Revenue highlights the sensitivity of the sales tax revenues to the economic environment, but also shows the City has been without a year-over-year (YOY) decrease in sales tax revenues since 2017. The dip in 2017 was due to the construction sector generating \$490,768 less in 2017 than in 2016.

The significant increase in sales tax revenues in 2023 was largely driven by the construction sector including two high valuation construction projects: Riot Games building renovations and the King County Pump Station and North Mercer Island/Enatai Sewer Upgrade.

For 2024, the forecast projects a 0.4% increase in sales tax revenues compared to 2023. General sales tax revenues are projected to rise 3.7% in 2025 and 4.0% in 2026. These projections are also informed by the King County Office of Economic and Financial Analysis and the Washington State Economic and Revenue Forecast.

UTILITY TAXES

The 2024 Adopted Budget assumed \$4.7 M in utility tax revenues, representing 14% of total General Fund revenues. A utility user tax is a tax imposed on utility services provided on Mercer Island, such as cellular phone service, natural gas, electricity, along with City utilities (water, sewer, and stormwater).

This revenue stream is, for the most part, not subject to economic volatility. The forecast assumes utility tax revenues will finish the year at \$5.2 M, \$463,000 more than the 2024 adopted budget. Staff projects utility tax revenues will increase 3% in 2025 and 2.7% in 2026, with minor declines anticipated in the telephone and cellular sectors.

LICENSE, PERMITS, AND ZONING FEES

The 2024 Adopted Budget assumed \$2.5 M in license, permit, and zoning revenues, representing 7% of total General Fund revenues. This revenue category consists of fees related to development services and business licenses.

Revenues in 2023 were \$3.57 M, 0.75% more than 2022. Revenues remained steady into 2024. For the first six months of 2024, revenues are tracking \$655,000 higher than the same period in 2023. Staff estimates this is largely due to an additional round of permit activity associated with the Xing Hua development. Staff projects this revenue category will end 10% above the 2023 revenue actuals and generate \$3.9 M in 2024.

Beginning in 2025, all revenues unique to development services will be accounted for in the Development Services Fund. The revenue projection for permit and land use fees in 2025 is \$3.3 M, and \$3.4 M in 2026. This is a modest 6% decrease compared to 2024. No new developments are anticipated in the Town Center in 2025. Reference Figure 10 in the Development Services Fund section.

BUSINESS AND OCCUPATION (B&O) TAXES

The 2024 Adopted Budget assumed \$706,500 in B&O tax revenue, representing 2% of total General Fund revenues. B&O tax is paid annually before April 15 unless a business earns greater than \$1 M annually in gross receipts, in which case the tax is paid quarterly.

Though the Pandemic impacted the business community, B&O tax revenues have trended upward since 2019, when the City transitioned to the Washington State's Business Licensing Service. This has resulted in better tracking of businesses eligible to pay B&O tax revenues.

Revenues for the first six months of 2024 are aligned with budget estimates. The 2025-2026 biennial budget revenue forecast assumes 2024 B&O tax revenues will exceed budget expectations by 4.9% and remain relatively flat into the next biennium.

PARKS & RECREATION REVENUES

The 2024 Adopted Budget assumed \$1.4 M in Parks and Recreation revenues, representing 4% of total General Fund revenues. Revenues include field rental fees, boat launch fees, program fees, and rent payments from the annex building located behind the Community Center.

Recreation program revenues are forecasted to finish 9% below budget in 2024, which is due to a decline in both summer program enrollments and sponsorships for special events. Revenues are projected to incrementally improve through the next biennium, increasing to \$1.36 M in 2025 above and \$1.37 M in 2026.

EMERGENCY MEDICAL SERVICE (EMS) REVENUES

The 2024 Adopted Budget assumed \$1.9 M for EMS revenues, representing 6% of total General Fund revenues.

This revenue stream offsets expenses related to contract costs for fire and emergency medical services with Eastside Fire & Rescue. It includes Mercer Island's annual contribution from the King County EMS levy, the EMS utility charge adopted annually with utility rate adjustments, and revenues from transport fees and federal reimbursements for emergency medical transports originating in Mercer Island.

The revenue forecast projects 2024 revenues will meet budget estimates. Revenue projections are expected to increase 7% in 2025 and 2% in 2026, assuming the property tax levy that primarily funds Basic Life Support (BLS) services within King County will continue beyond 2025.

COST ALLOCATION

The cost allocation revenue category recovers overhead costs from the Utility and Capital Funds through internal transfers. The 2024 Adopted Budget assumed roughly \$1.1 M in cost allocation transfers, representing 3% of total General Fund revenues. These revenues are forecasted to meet budget expectations through the end of 2024.

On May 21, 2024, the City Council adopted a new Cost Allocation Policy (appendix B of the City's [financial management policies](#)). The new policy was based on established best practices from the Government Finance Officers Association (GFOA), Washington State Auditor's Office, and the Municipal Research and Services Center (MRSC).

As a result of implementing this new policy, staff estimate the General Fund will be reimbursed \$2.4 M in 2025 and \$2.5 M in 2026 for internal services provided to each allocable City Fund.

SHARED REVENUES

The 2024 Adopted Budget assumed \$1.4 M in shared/intergovernmental revenues, representing 4% of total General Fund revenues. This category combines a variety of revenues and includes State shared tax revenues, grants, and the Department of Transportation (WSDOT) funds collected for landscape services agreement for Aubrey Davis Park, among others.

Revenues in 2024 are projected to end the year 22% above budget estimates. This is mainly due to grant funds from the Washington State Department of Commerce Periodic Update Grant. The grant program provides financial assistance to cities to help complete periodic updates of their comprehensive plans and development regulations, as required by the Growth Management Act (GMA).

Revenues into the next biennium are projected to stabilize to historic levels and remain relative flat at \$1.6 M in 2025 and 2026.

MUNICIPAL COURT REVENUES

The 2024 Adopted Budget assumed \$ 192,895 in General Fund revenue collected from fines, forfeitures, fees, costs, and penalties associated with the enforcement of local and State law.

Court revenues depend on caseload. Relative to the first half of 2023, case filings were down 48% in Mercer Island and down 17% in Newcastle in the first half of 2024. The forecast projects revenues will end 2024 19% lower than the 2024 adopted budget. The forecast assumes court revenues will return to historical averages, increasing 12% in 2025 and 6% in 2026.

MISCELLANEOUS REVENUES

The 2024 Adopted Budget assumed \$250,000 in miscellaneous General Fund revenues. This category includes judgment settlements, cell tower leases, and disability reimbursements received from the Washington State Department of Labor and Industries.

The forecast assumes miscellaneous revenues will end the year 43% above budget estimates, largely due to disability reimbursements coming in higher than expected. These reimbursements are a result of the buy-back policy the City has with active employees that qualify for time-loss compensation through the Department of Labor and Industries. This revenue category is forecasted to remain flat at \$291,297 in 2025 and 2026.

INTEREST EARNINGS

The 2024 Adopted Budget assumed \$11,000 in General Fund revenue from interest earned on the City's holdings. To date, interest earnings are markedly exceeding budget expectations and are currently projected to reach \$1.9 M by year end. The forecast considers the projected principal balance, the annual LGIP 30-day yield, and the General Fund portion of the City's principal investments. For 2025, staff anticipate the LGIP's average 30-day yield will drop to 3.75% and 3.15% in 2026. Interest earnings in the outyears are currently projected to stabilize and return to historical averages.

Per current budget policy, interest earnings are distributed quarterly to various Funds based on their relative cash balances at quarter end. The Contingency Fund achieved its funding target at 12.5% of budgeted General Fund expenditures at the beginning of the year and continues to receive a proportion of interest earnings as the budget is amended, per the City Council's adopted financial management policies.

Background Information on Interest Earnings

Aside from the cash on-hand required for paying bills and managing daily operations, the City invests in the WA State Local Government Investment Pool (LGIP). The LGIP saw a continued increase in the true 30-day yield interest rates through June 2024, ending at 5.43% compared to 0.73% in June 2022.

Increased earnings in the City's investments correspond with changes to the Federal Reserve's federal funds target rates, as illustrated in Figure 4. Between June 2022 and June 2024, the Federal Reserve raised the funds target rate by more than five percentage points. Changes in the federal funds target rates are the Federal Reserve's primary tool to implement monetary policy. While increases to the federal funds target rates helped slow the pace of inflation, it also increased the LGIP's earnings rate.

Figure 4: WA State Treasurer Local Government Investment Pool

June 2022 - June 2024

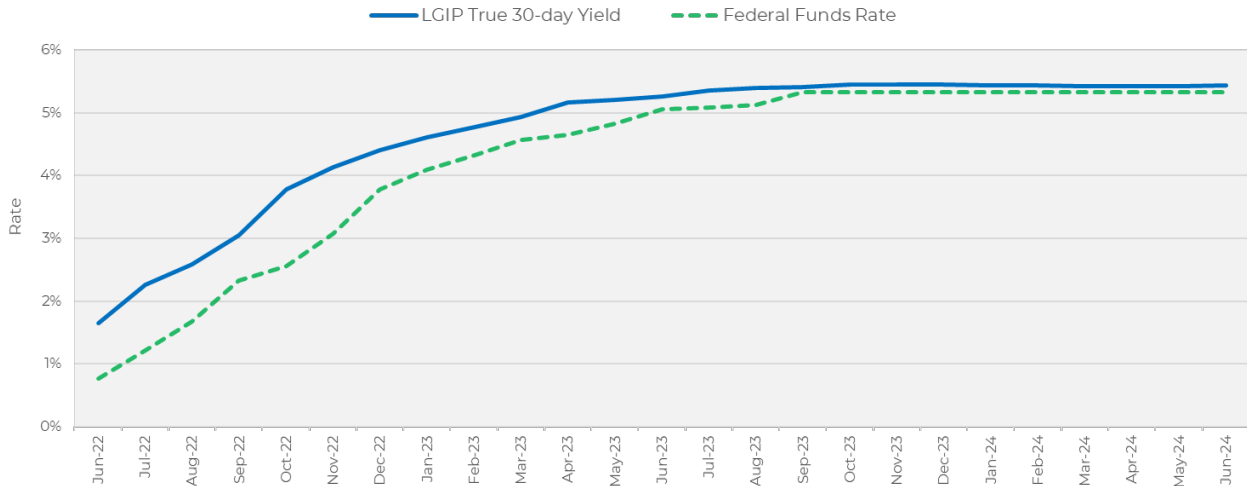
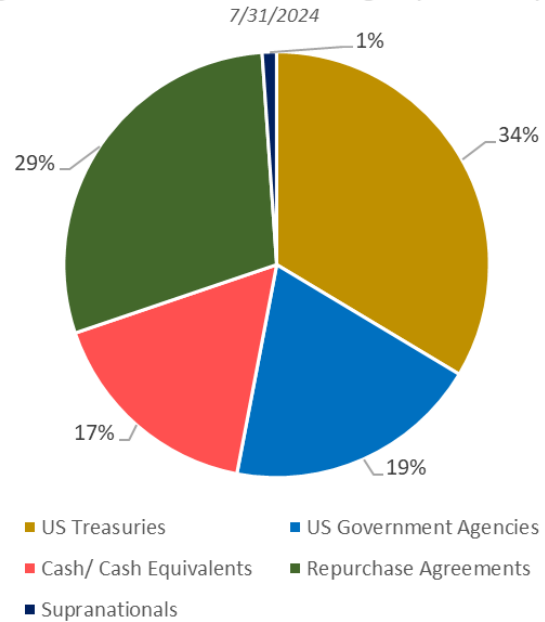


Figure 5 illustrates the average balance of holdings in the LGIP as of July 2024. These include:

1. **US Treasuries** are backed by the full faith and credit of the US government and considered to be low risk.
2. **US Government Agencies** are bonds of government-sponsored enterprises or U.S. government agencies. They are independent organizations sponsored by the federal government that are established with a public purpose. Examples include Fannie May, Freddie Mac, and the Federal Deposit Insurance Corporation (FDIC).
3. **Cash/ Cash Equivalents** refers to highly liquid investments that can be easily converted into cash within a short period of time, usually 7 days or less. These investments are generally considered to have minimal risk.
4. **Repurchase Agreements** (AKA repo) is the agreement by an authorized dealer to sell to a public fund investor (buyer) authorized investment securities (referred to as collateral) with the agreement to purchase the securities back on an agreed to date and rate of interest (simple interest on 360-day basis), to be paid to the buyer.
5. **Supranationals** are US dollar-denominated bonds of quasi-governmental organizations that exist in multiple countries to promote economic development, such as the World Bank.

Figure 5: WA State LGIP Holdings by Issuer Type



Staff is closely tracking economic projections from the Federal Reserve. The Federal Open Market Committee (FOMC) is the policy-making body of the Federal Reserve System, the central bank of the United States. Based on indications from FOMC economic projections, the forecast assumes at least one additional cut in the federal funds rate before the end of 2024.

GENERAL FUND FORECAST

Figure 6 projects General Fund revenues and expenditure assumptions as outlined in the forecast. The pro forma includes fiscal years 2021 through 2028.

In general, the forecast assumes there will be no recession, that inflation will continue to decrease and normalize, along with interest rates stabilizing. In the near term, General Fund revenues are projected to remain healthy. It is not until 2027 that expenditure growth is projected to outpace General Fund revenues. The forecast as presented shows annual revenues and expenditures and does not include reserves or prior-year accumulated fund balance.

BASELINE ASSUMPTIONS

Employee Compensation

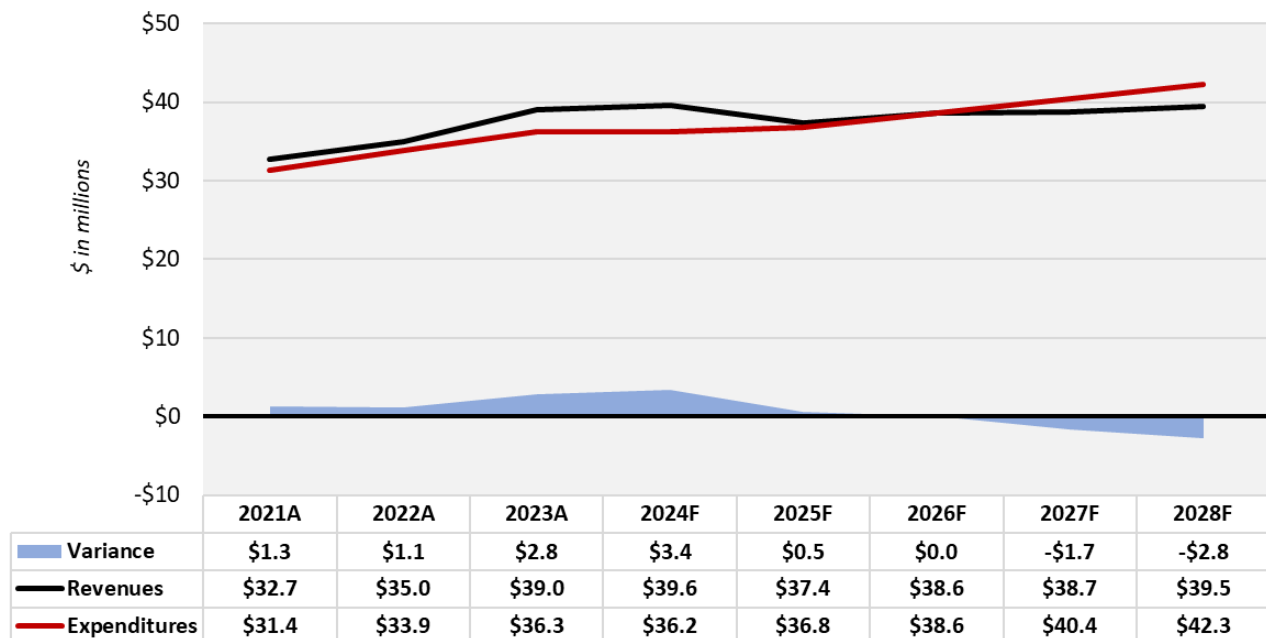
- The new compensation plan for non-represented employees went into effect July 1, 2024. The resulting budgetary impacts are assumed in the forecast.
- The cost-of-living adjustment (COLA) in 2025 is 4.2%. For 2026, staff assumed 3.5%.
- COLA is based on the average percentage change over the first six months of the prior year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the region.

Expenditures

- Staff assumed an annual rate of change of 4.68% for the General Fund and 4.00% for the YFS Fund in 2027 and 2028.

Figure 6: Revenues and Expenditures

Five-Year Forecast



It is important to note the near- and long-term budgetary impacts of City Hall’s closure are not yet reflected in the General Fund. Emergency expenditures to assess the condition of City Hall, decommission the building, and begin schematic designs on the new Public Safety and Maintenance building have been paid for with American Rescue Plan Act (ARPA) funds and one-time savings from the 2023 fiscal year.

Ongoing costs associated with City Hall’s closure – such as leases at the City of Newcastle for Municipal Court operations and modular buildings for Police operations – have also been paid for with ARPA funds. Beginning January 1, 2025, these ongoing costs, along with unforeseen costs to stabilize government operations and provide temporary workspace, will be carried by the City’s operating budget.

ARPA FUNDS

A significant influence that is stabilizing the General Fund through the current biennium is the City's strategic disposition of the American Rescue Plan Act (ARPA) funds. The City is required to encumber these funds by December 2024, and fully expend them no later than December 2026.

Most of the ARPA funds have gone to critical investments in the City's public facilities, youth and family services, and the water and sewer utility infrastructure. During the May 2023 planning session, the City Council authorized \$885,500 of ARPA funds to support a variety of additional work items ([AB 6255](#)).

With budget amending [Ordinance No. 24-13](#) adopted October 1, 2024, the City Council appropriated the remaining \$637,673 of the \$7.2 M original ARPA award. These remaining funds will pay for improvements underway to the City's remaining facilities through the end of 2024.

Note, ARPA funds are not included in the General Fund balance. For audit and tracking purposes, staff account for them separately.

NON-GENERAL FUND REVENUES

The following details additional revenue streams and underlying assumptions through year-end and into 2025 and beyond.

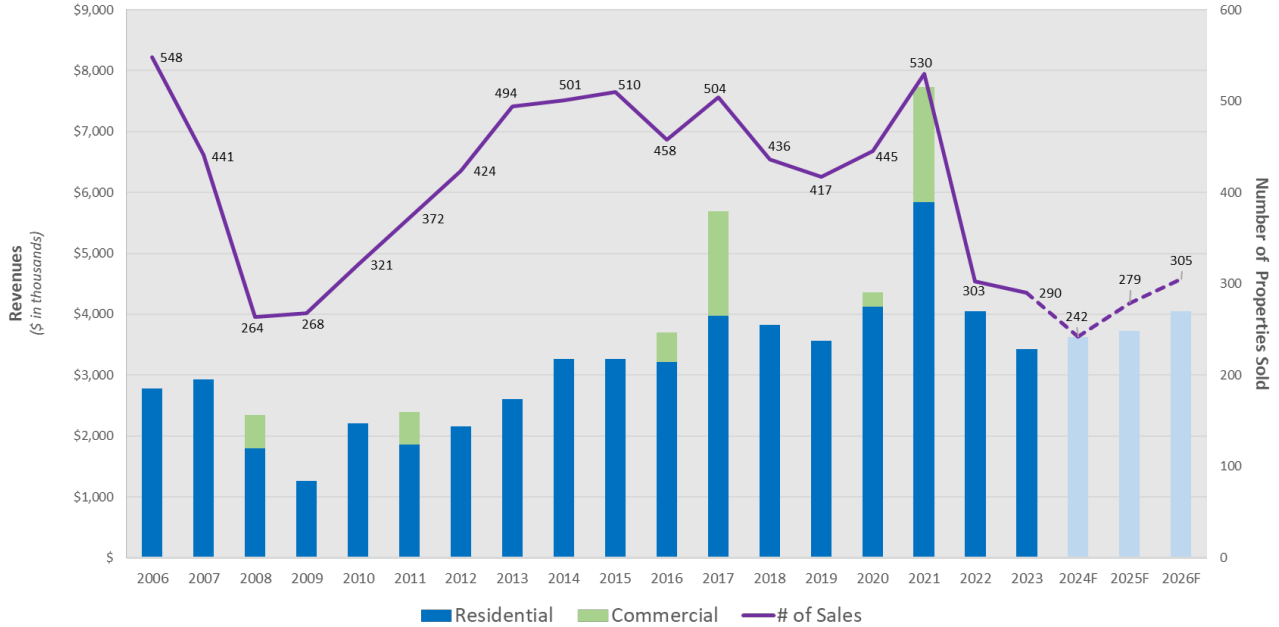
REAL ESTATE EXCISE TAX (REET)

REET revenues support the City's Street and Capital Improvement Funds. This revenue stream results from a 0.5% tax levied on all sales of real estate, measured by the full selling price, including the amount of any liens, mortgages, and other debts given to secure the purchase.

Figure 7 illustrates the number of property sales each year and the resulting REET revenues from 2006 through 2022, with revenue projections in 2024-2026. REET revenues in 2021 were the highest on record, due to a historically high volume of homes sold and two commercial property sales that generated a combined \$1.8 M in revenue. The total number of property sales in 2021 was 530. By comparison, total property sales were 303 in 2022 and 290 in 2023. Compared to 2023, total property sales in 2021 represent a 45% decrease.

REET Revenues for the first six months of 2024 are down by nearly \$262,000 relative to the prior year. This is largely tied to current market conditions, the lower volume of property sales, and revenues not reported in January due to the timing of the City's transition to the cash basis accounting methodology.

**Figure 7: Mercer Island Property Sales and Total Revenues
2006-2026**



The slowing of real estate activity on the Island mirrored the Federal Reserve’s increases to the federal funds rate, which simultaneously slowed the pace of inflation and increased borrowing costs.

At year-end, 2024 REET revenues are projected to come in \$288,000 below revenue projections made in October 2023 during the 2023-2024 mid-biennial budget review.

Figure 8: 2024 – 2026 REET Revenue Forecast

(\$ in thousands)	2024F*	2024F	Diff.	2025F	2026F
REET	\$ 3,720	\$ 3,432	\$ (288)	\$ 3,728	\$ 4,047

**2024 forecast from the Oct 2023 mid-biennial revenue forecast.*

The Federal Reserve reduced the federal funds rate 0.50% in September 2024, while signaling more rate cuts ahead. Average property sale prices on Mercer Island remain high. Indications point to activity in the real estate market improving.

Staff projects REET revenues will modestly rebound in 2025 and 2026 as outlined in Figure 8. This projection is informed by the average price of homes sold in 2024 to date, the number of homes in the past two years, and the estimated number of homes that will sell based on historic seasonal trends.

YOUTH & FAMILY SERVICES (YFS) FUND

A significant factor that is stabilizing the Youth and Family Services Fund through the current biennium is the use of American Rescue Plan Act (ARPA) funds. The 2023-2024 biennial budget committed up to \$1.4 M in ARPA resources in support of mental health and family counseling programs.

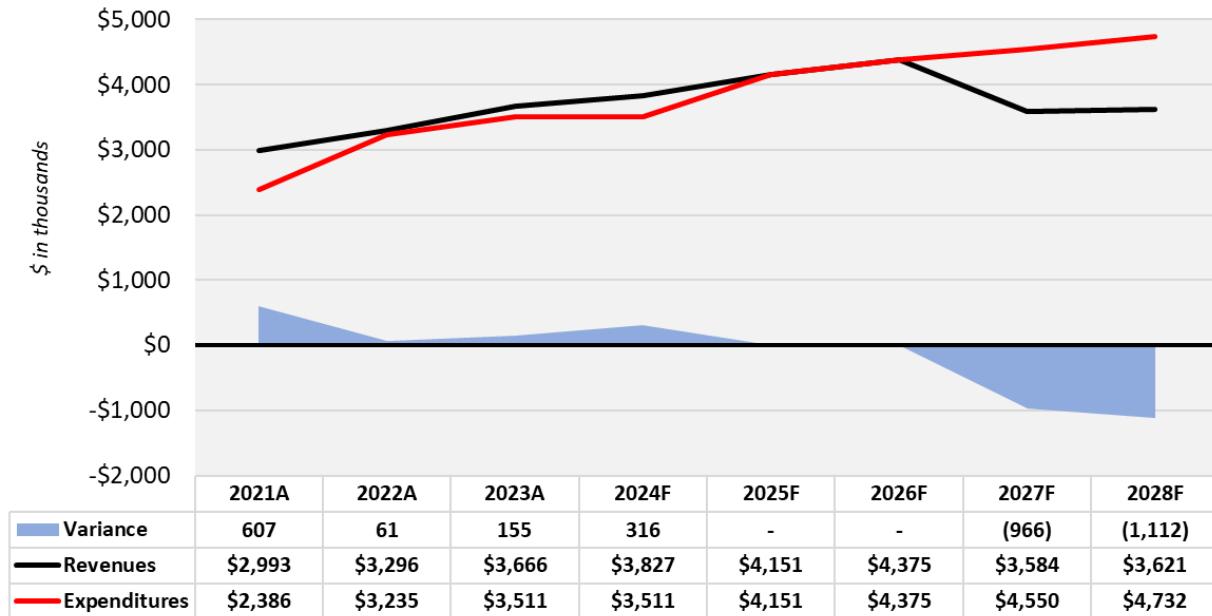
With one-time federal dollars set to expire at year-end, an annual operating structural deficit of nearly \$700,000 begins in 2025. To bridge the next two-year budget gap, the funding strategy includes using a combination of YFS Fund operating reserves and one-time General Fund resources of \$350,000 in 2025 and 2026. This affords the City and community partners time to develop and commit to a financial plan that sustainably funds Youth and Family Services beyond 2026.

Figure 9 shows revenue projections for the City’s Youth and Family Services (YFS) Fund, with Figure 10 illustrating the five-year projection for the YFS Fund into the 2027-2028 biennium. A summary of each revenue category in the left column is listed below.

Figure 9: 2024 to 2026 Youth & Family Services Fund Revenue Forecast

REVENUES <i>(\$ in thousands)</i>	2024 Adopted Budget	2024 Forecast	Diff. from Amended	2025 Forecast	2026 Forecast
USE OF OPERATING RESERVES	0	0	0	469	500
FEDERAL, STATE & LOCAL GRANTS	76	40	(35)	45	45
HEALTHY YOUTH INITIATIVE GRANTS	225	369	144	363	358
SCHOOL COUNSELOR PROGRAM SUPPORT	60	60	0	60	60
THRIFT SHOP	1,723	1,723	0	1,895	2,080
PROGRAM FEES & DONATIONS	90	119	28	257	270
EMERGENCY ASSISTANCE PROGRAM SUPPORT	162	113	(49)	115	115
MIYFS FOUNDATION SUPPORT	300	515	215	515	515
AFFORDABLE AND SUPPLEMENTAL HOUSING	0	40	40	35	35
OPIOID SETTLEMENT AGREEMENTS	0	179	179	48	48
INTERFUND TRANSFER	733	670	(63)	350	350
TOTAL REVENUES	\$3,369	\$3,827	\$458	\$4,151	\$4,375

Figure 10: Revenues and Expenditures
Five-Year Forecast



STATE AND FEDERAL GRANTS AND THE HEALTHY YOUTH INITIATIVE

At the time the forecast was developed, staff assumed three YFS grants would continue into the next biennium, which accounted for about \$350k in annual revenue. Staff received notice at the end of September that two federal grants were not renewed. The City was, however, selected for a Best Starts for Kids Positive Family Connections award from King County. The \$288,000 award will be used from 2025 to 2027 to fund a portion of the Prevention Coordinator position, school-based programs, and continued focus on parent education and support.

These changes to the grant revenue assumptions will be incorporated into the 2025-2026 budget before City Council adoption later this year.

MERCER ISLAND THRIFT SHOP

The 2024 Adopted Budget included \$1.7 M in Thrift Shop revenues, representing 51% of YFS Fund revenues.

The Thrift Shop is forecasted to meet budget expectations in 2024, generating \$1.72 M in gross revenues and over \$551,000 in net profits by year-end. Gross revenues are projected to increase 10% in 2024 compared to the prior year. This rate of growth is projected to continue through the next biennium.

PROGRAM FEES & DONATIONS

The 2024 Adopted Budget included \$90,000 in revenues from additional YFS services, representing 3% of YFS Fund revenues. These revenues include fees from family counseling services and related services.

In 2023, family counseling service fees generated \$111,817 in revenues, exceeding budget expectations. Revenues through the first six months of the year maintain this upward trend. The forecast projects \$119,000 will be received by 2024 year-end and increase 1.6% per year in 2025 and 2026.

YOUTH & FAMILY SERVICES FOUNDATION

The Youth and Family Services Foundation (MIYFS) provides critical funding to support human services provided through the Youth & Family Services division. In 2023, the City and MIYFS entered a new four-year funding agreement that formalized the Foundation's annual contribution to the Youth and Family Services Department at \$515,000.

The new funding level goes towards funding the second Mental Health Counselor position at the Middle School, extending the position through June 2026. It will also support rental assistance and food security programs through the Emergency Assistance Program and provide general YFS budget support for Community-Based and School-Based programs. The forecast assumes the 2025 and 2026 funding levels will remain at \$515,000.

EMERGENCY ASSISTANCE

This revenue category includes revenues from pass thru fund raising generated at the Thrift Shop and direct donations that are restricted for emergency assistance. This revenue is projected to end the year at \$113,000 and remain flat at \$115,000 for 2025 and 2026.

AFFORDABLE AND SUPPLEMENTAL HOUSING FUNDS

In 2023, [HB 1406](#) was passed to address the housing crisis by providing local jurisdictions with additional funding for affordable and supportive housing. The bill allows cities to impose a local state-shared sales and use tax, which is not directly paid by consumers. Instead, the 0.0146% of sales tax is credited against the state sales tax based on population and other factors.

Mercer Island collects this credit to support rental assistance through the City's youth and family services operations, specifically for emergency rental assistance. The forecast assumes the City will receive HB 1406 funding in both 2025 and 2026, and this revenue category will meet budget expectations at year-end.

OPIOID SETTLEMENT AGREEMENTS

On December 21, 2022, Washington state joined in multistate resolutions with several companies resulting in potentially over \$430 million in settlements resulting from a nationwide legal action against pharmaceutical companies and distributors who were found to have contributed to the opioid epidemic.

The Opioid Abatement Council (OAC) is an oversight body responsible for ensuring appropriate documentation and reporting of opioid settlement funds used by cities within King County that receive funds from opioid lawsuits, Mercer Island among them. This revenue is restricted to harm reduction, prevention efforts, and treatment services tied to the opioid epidemic.

As of June 2024, Mercer Island has received \$221,038 of a total projected payment of \$782,913 from opioid settlement funds. Funds are distributed annually through 2038 based on population and opioid impacts within each jurisdiction, among other factors. Staff projects the City will receive \$43,000 in 2025 and 2026.

DEVELOPMENT SERVICES FUND

The Development Services Fund is established to account for the revenues and expenditures specific to land use, development engineering, and development permitting. Previously accounted for within the General Fund, this new special revenue fund separates these restricted permit and land use functions. The fund is established using prior year restricted development revenue transferred in from the General Fund.

Figure 11: 2024 to 2026 Development Services Fund Revenue Forecast

DEVELOPMENT SERVICES FUND REVENUE FORECAST <i>(\$ in thousands)</i>	2024 Adopted Budget	2024 Forecast	Diff. from Amended	2025 Forecast	2026 Forecast
PERMIT FEES	-	-	-	2,786	2,853
LAND USE FEES	-	-	-	501	521
INTEREST	-	-	-	-	-
INTERFUND TRANSFERS IN	-	1,286	1,286	913	966
TOTAL REVENUES	\$0	\$1,286	\$1,286	\$4,201	\$4,340

INTERFUND TRANSFERS

By creating a special revenue fund specific to development services, staff can track revenues and expenditures associated with the provision of these services and the General Fund’s annual contribution to support the Community Planning and Development department’s non-development related services.

Staff project the General Fund will contribute \$913,016 in 2025 and \$966,165 to the Development Services Fund, making up 22% of the Community Planning and Development Department’s overall budget.

CONTINGENCY FUND

At the end of 2023, the Contingency Fund balance was \$4.9M, meeting the target per the City’s financial policies. The balance remains \$4.9M, representing 12.5% of the adopted expenditure budget, and will be adjusted at the end of the fiscal year.