

Financial Status Update - Q2 2024



AB 6542

10/01/24

Agenda

1. Budget versus Actuals as of June 30, 2024
2. Budget Amending Ordinance
3. Questions

Reminder of Accounting Procedure Change

- ❑ What does this mean for FY 2024 Financial Status Updates?
 - ❑ Impacts the timing of revenue recognition.
 - ❑ For revenues impacted by the change, cash received in January 2024 was accrued and reported as revenue in December 2023.
 - ❑ Affects year-over-year comparisons with Q1 being the most obvious.

Budget v. Actuals Overview

	2024 Amended Budget	Q2 2023 Actuals	Q2 2024 Actuals	2024 Actuals v Amended Budget
GENERAL FUND				
Revenues	\$42.4 M	\$20.3 M	\$19.4 M	46%
Expenditures	\$42.4 M	\$17.6 M	\$21.4 M	50%
UTILITY FUNDS				
Revenues	\$26.6 M	\$12.1 M	\$12.9 M	48%
Expenditures	\$59.6 M	\$12.4 M	\$15.4 M	26%

**Differences may occur due to rounding.*

General Fund Revenues

- February through June **sales tax revenues** up \$47,000 compared to last year.
 - Inflationary impacts + increased activity in retail & wholesale trade sector.
- **Interest earnings** are exceeding budget expectations.
 - Federal funds target rate cut in September 2024 will begin to impact interest earnings in Q4 of this year.

Other City Revenues



REET Revenues

- ❑ Primary resource for Street and Capital Improvement Funds.
- ❑ Major swings in revenue from 2021 – 2022.
 - ❑ In 2021, experienced a 15-year high in total sales.
 - ❑ In 2022 and 2023, total number of sales were lowest since 2009.
 - ❑ Lower number of property sales through Q2 2024 than Q2 2023.

REET Revenues

- Low activity in the market continues through Q2 2024.

REET Analysis	January 1 - June 30				2023-2024
	2021	2022	2023	2024*	% Change
AVG Monthly Inventory	21	18	34	24	-31%
AVG Properties Sold	42	28	25	24	-6%
Total Revenue	\$2.55 M	\$2.02 M	\$1.68 M	\$1.41 M	-16%

** With the City's transition to cash basis, Jan 2024 cash receipts were accrued as revenue in Dec 2023.
Source: King County Assessor's Office. Inventory data from Redfin data center, 2024.*

Budget Amending Ordinance

- ❑ Budget adjustments via City Council action since May 21.
- ❑ Includes two recommended actions:
 1. \$1,000,000 unassigned fund balance in the General Fund to Municipal Facility Replacement Reserve.
 - ❑ Increases reserve & pays for schematic design for PSM building.
 2. Appropriates the remaining ARPA funds for facility-related work by year-end.

Staff Recommendation

- ❑ Adopt Ordinance No. 24-13, amending the 2023-2024 Biennial Budget.

Questions

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