

# AB 6474

## Financial Status Update - Q1 2024

May 21, 2024

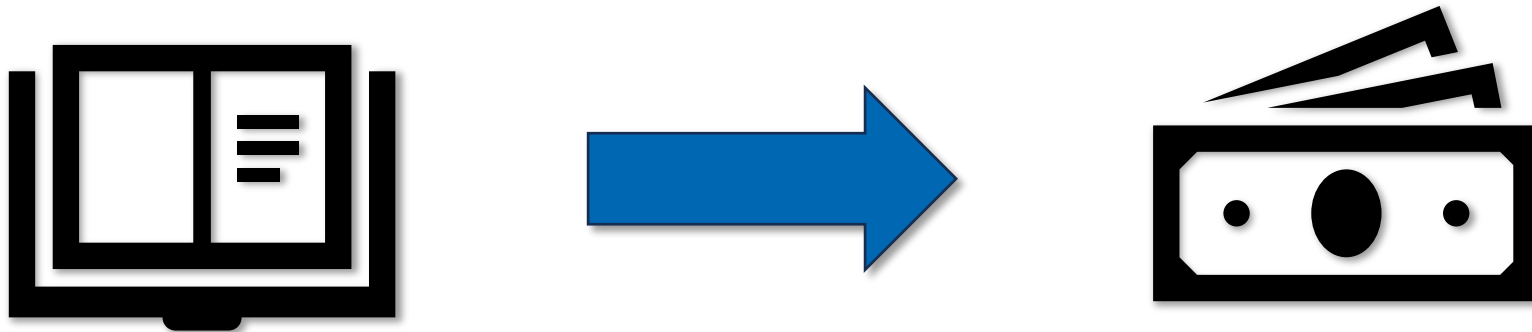


# Agenda

1. Accounting Procedure Change
2. Budget versus Actuals as of March 31, 2024
3. Additional Funding Needs
4. Questions

# Accounting Procedure Change

**The City transitioned from full accrual to cash basis accounting on January 1, 2024.**



# Accounting Procedure Change

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

# Budget v. Actuals Overview

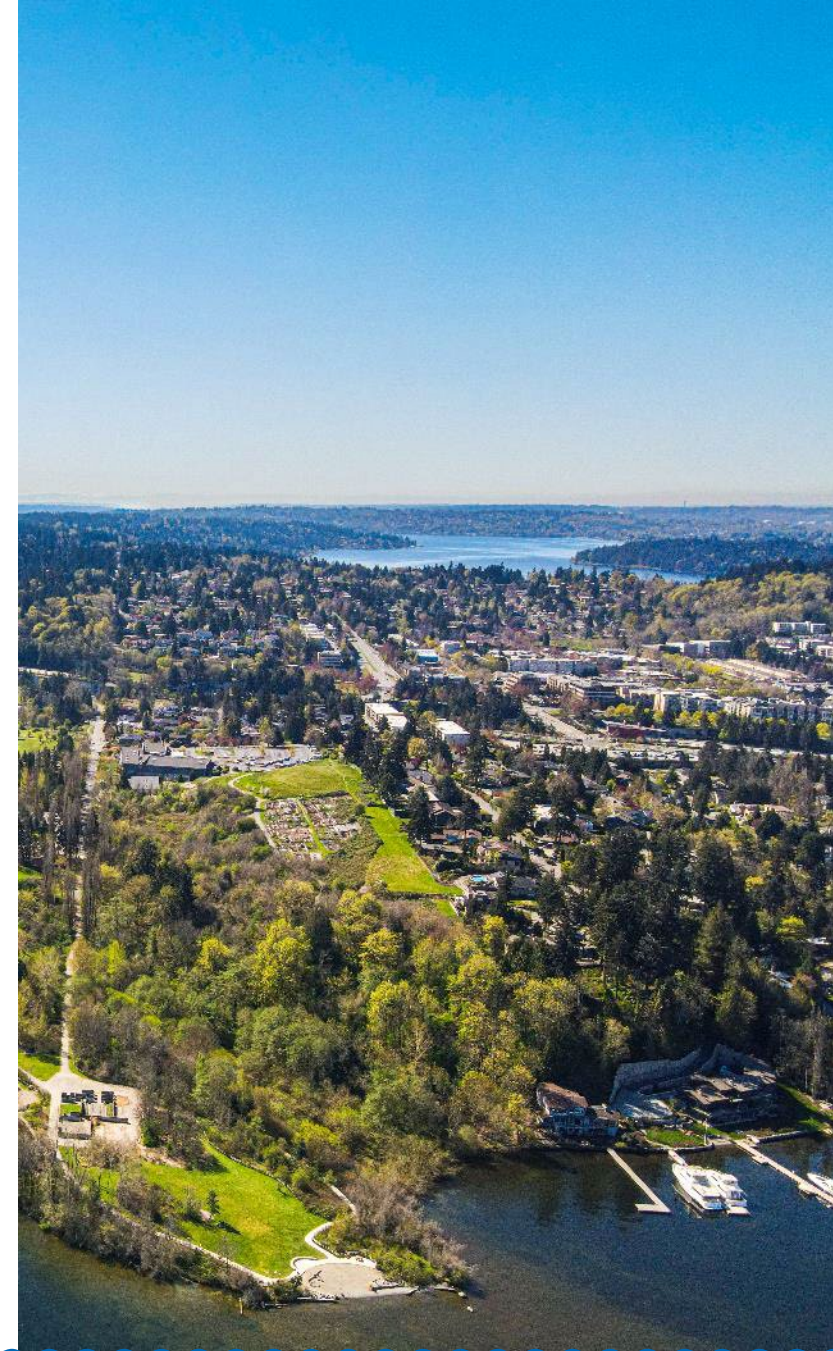
|                      | 2024 Amended Budget | Q1 2023 Actuals | Q1 2024 Actuals | 2024 Actuals v Amended Budget |
|----------------------|---------------------|-----------------|-----------------|-------------------------------|
| <b>GENERAL FUND</b>  |                     |                 |                 |                               |
| Revenues             | \$39.0 M            | \$7.4 M         | \$6.0 M         | 16%                           |
| Expenditures         | \$39.0 M            | \$9.1 M         | \$9.8 M         | 25%                           |
| <b>UTILITY FUNDS</b> |                     |                 |                 |                               |
| Revenues             | \$26.5 M            | \$6.0 M         | \$6.4 M         | 24%                           |
| Expenditures         | \$39.1 M            | \$4.5 M         | \$6.8 M         | 17%                           |

*\*Differences may occur due to rounding.*

# General Fund Revenues

- ❑ February and March **sales tax revenues** up \$87,000 compared to last year.
  - ❑ Inflationary impacts + increased activity in retail & wholesale trade sector.
- ❑ **Interest earnings** are exceeding budget expectations.
  - ❑ Federal funds target rate constant at 5.5% since July 2023.

# Other City Revenues



# REET Revenues

- ❑ Primary resource for Street and Capital 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.
  - ❑ Same number of property sales in Q1 2024 as Q1 2023.



# REET Revenues

- Low activity in the market continues into Q1 2024.

| REET Analysis         | January 1 - March 31 |            |            |            | 2023-2024   |
|-----------------------|----------------------|------------|------------|------------|-------------|
|                       | 2021                 | 2022       | 2023       | 2024*      | % Change    |
| AVG Monthly Inventory | 35                   | 6          | 40         | 15         | <b>-61%</b> |
| AVG Properties Sold   | 35                   | 20         | 17         | 17         | <b>0%</b>   |
| Total Revenue         | \$1,019,401          | \$ 644,576 | \$ 570,111 | \$ 315,550 | <b>-45%</b> |

\* 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.

- Revenue impacted by changes in the federal funds rate.

# Additional Funding Needs

- Facility projects funded by ARPA.

| Project Name                   | Add. Cost |
|--------------------------------|-----------|
| City Hall Facilities           | \$10,000  |
| Police Interim Workspace       | 200,000   |
| Slater Room Improvements       | 37,500    |
| Operations Building Pre-Design | 250,000   |
| OAC Consulting Firm            | 67,700    |
| Total                          | \$565,200 |

# Staff Recommendation

- ❑ Adopt Ordinance No. 24-11, amending the 2023-2024 Biennial Budget.



# Questions

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