

AB 6269

Financial Status Update - Q1 2023

May 16, 2023



Agenda

1. Budget versus Actuals as of March 31, 2023
2. REET & Mercer Island Thrift Shop
3. Next Steps
4. Questions

Budget v. Actuals Overview

	2023 Amended Budget	Q1 2022 Actuals	Q1 2023 Actuals	2023 Actuals v Amended Budget
GENERAL FUND				
Revenues	\$35.2 M	\$6.0 M	\$7.4 M	21%
Expenditures	\$35.2 M	\$7.8 M	\$9.2 M	26%
UTILITY FUNDS				
Revenues	\$44.0 M	\$5.4 M	\$6.0 M	14%
Expenditures	\$49.8 M	\$3.6 M	\$4.6 M	9%

**Differences may occur due to rounding.*

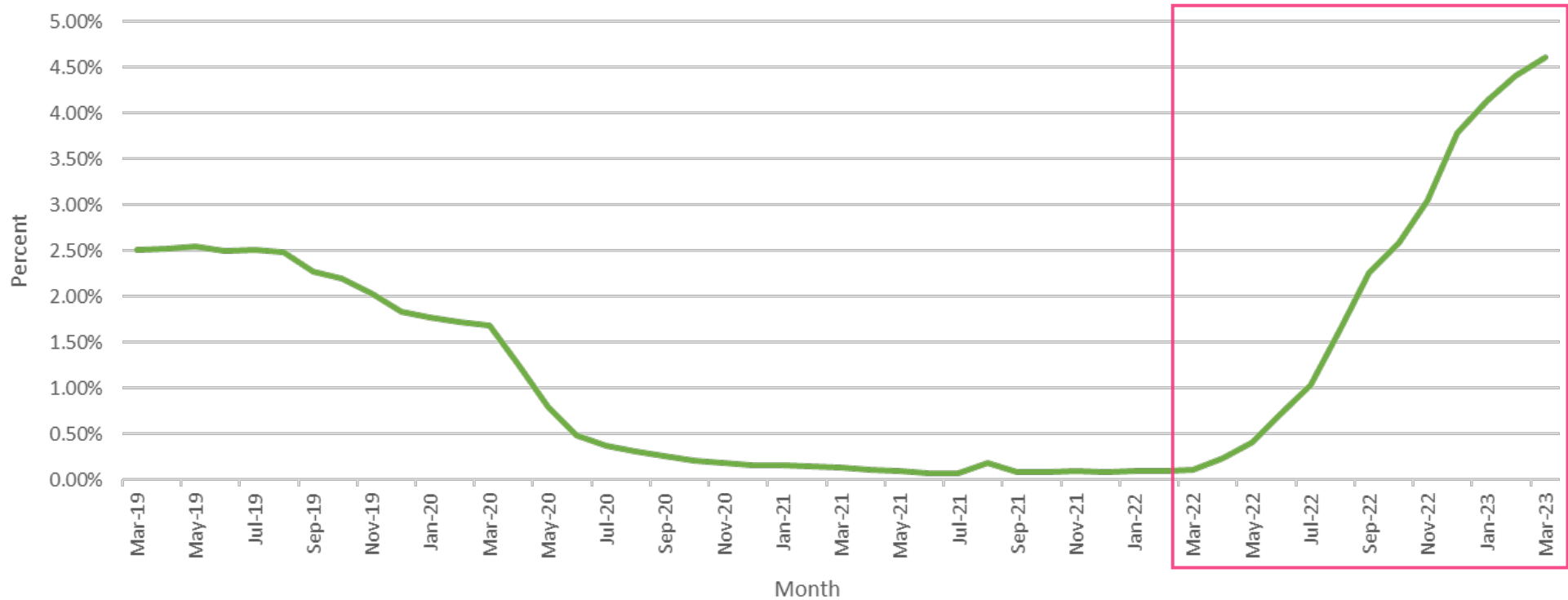
Budget v. Actuals Overview

General Fund Revenues

- **Q1 sales tax revenues** up \$231,000 compared to last year.
 - Inflationary impacts and increased activity in construction sector.
- **Development services** revenues are on track.
 - Deferred revenues collected early in the year.
- **Interest earnings** are exceeding budget expectations.
 - Federal funds target rate increase on May 3, currently 5.00 – 5.25%.

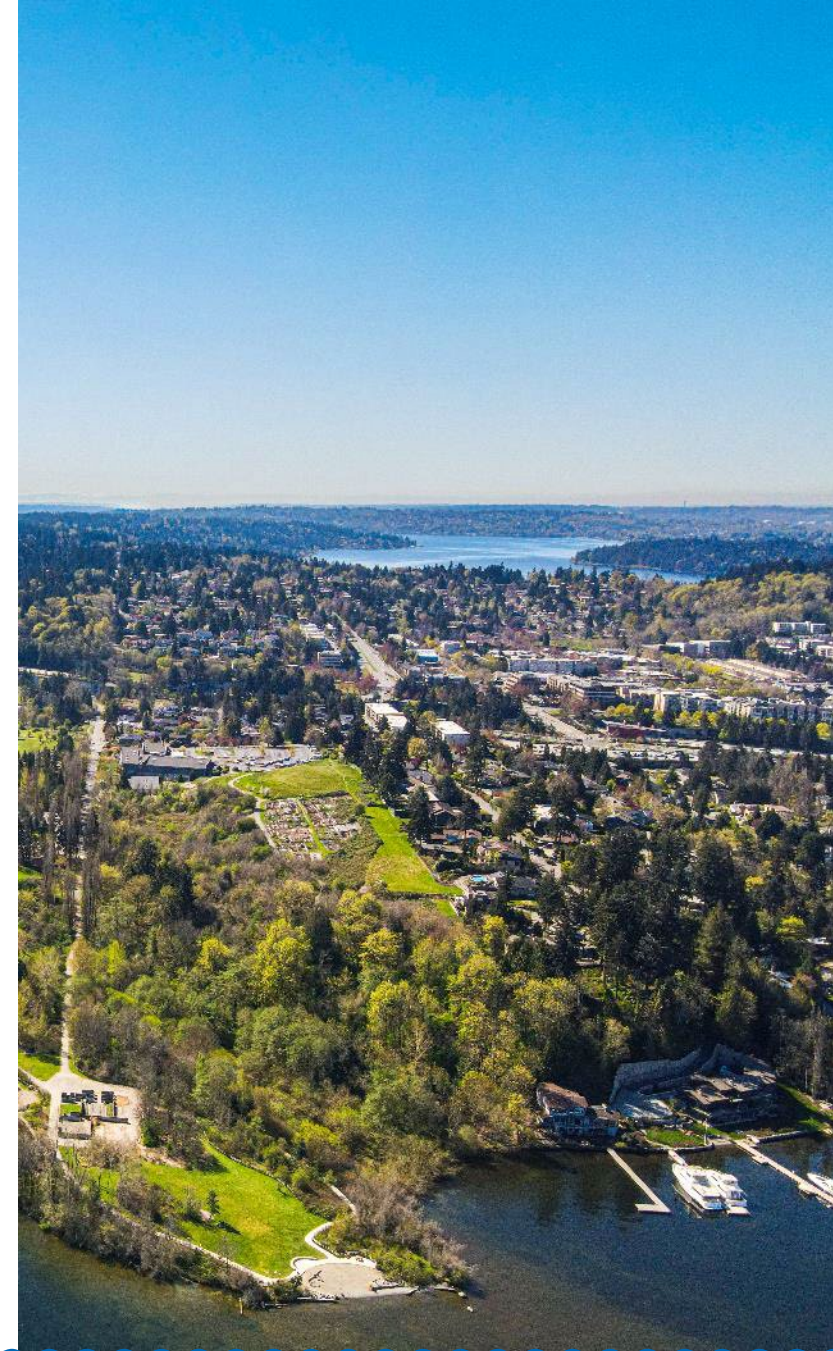
Interest Earnings

WA State Treasurer Local Government Investment Pool
True 30-day Yield Mar 2019 - Mar 2023



LGIP avg daily yield increased **4.55%** from March 2022 thru March 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, total number of sales were lowest since 2009.

REET Revenues

- Volatility continues into Q1 2023.

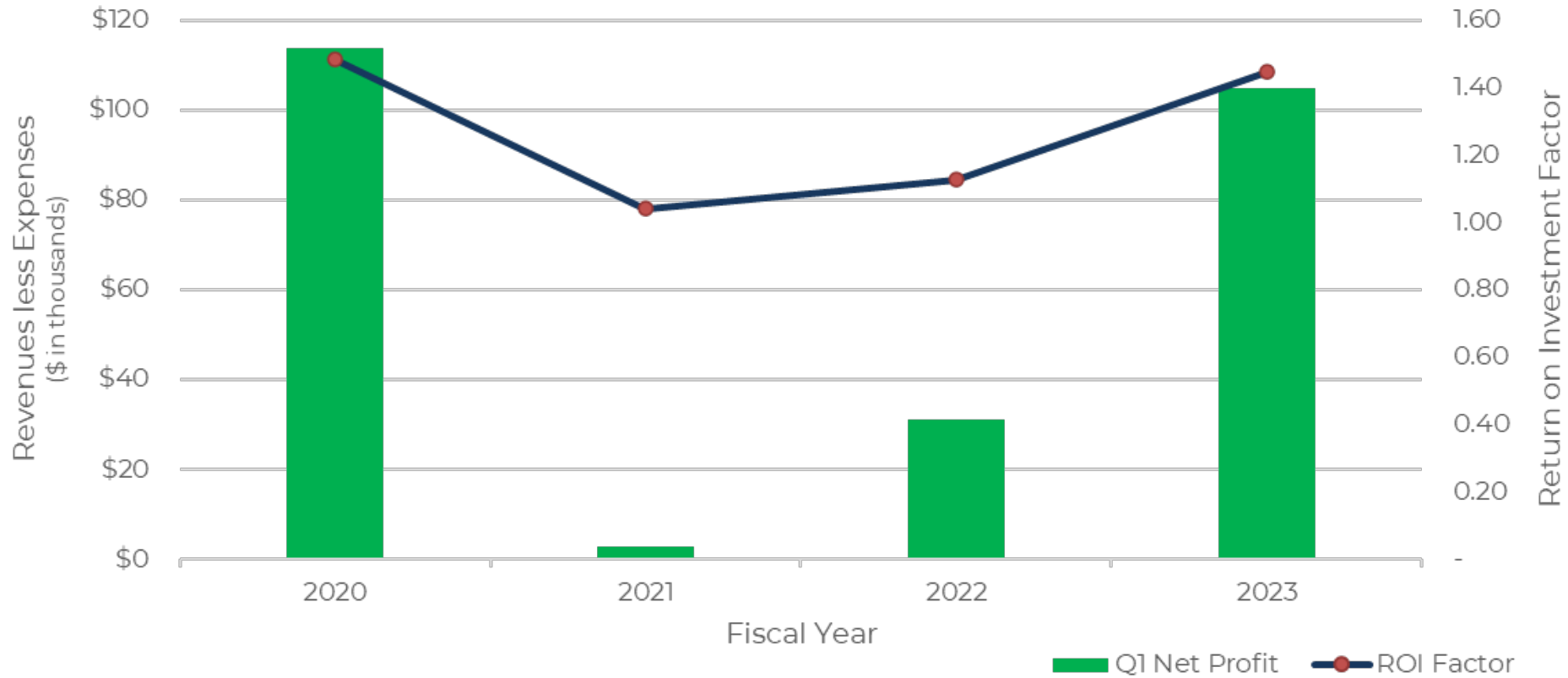
REET Analysis	January 1 - March 31			2021-2023
	2021	2022	2023	% Change
AVG Monthly Inventory	35	6	40	12%
AVG Properties Sold	35	20	17	-52%
Total Revenue	\$1,019,401	\$ 644,576	\$ 570,111	-44%

Source: King County Assessor's Office. Inventory data from Redfin data center, 2023.

- Revenue impacted by changes in the federal funds rate.
- Staff is closely monitoring REET activity.

Mercer Island Thrift Shop

First Quarter - Net Profits
Fiscal years 2020 - 2023



Q1 net profits are up 236% compared to the year prior.

Next Steps

- City Council Planning Session May 23, 2023.
 - Updated list of budget proposals.
 - Disposition of year-end surplus and federal stimulus funds.
- Mid-biennial budget workshops scheduled in the fall.

Staff Recommendation

- ❑ Adopt Ordinance No. 23-06, amending the 2023-2024 Biennial Budget.



Questions

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