

51.8% of the amount budgeted. Property taxes are expected to bring in \$11.4 million in revenue for the biennium.

Utility taxes and development fees and permits are ahead of the biennial target of 62.5% at 65.5% and 89.5%, respectively.

With current interest rates, our investment interest is ahead of target, coming in at \$69,378 for Q1, 2024 and \$261,888 for the biennium. This is 83.7% of the budgeted biennium amount of \$300,000.

Annual payment of the AWC dues (\$20K) in the first quarter caused an uptick in City Council expenses. Legal fees have been running higher than expected for the biennium. Housing and Human Services expenses are running higher than expected as \$62K has been spent on Human Services Contributions in Q1, 2024, but was originally budgeted in the City Clerk's budget.

General Fund ending fund balance as of March 31, 2024, was \$9.2 million.

City Council Priority or Budget Objective Being Addressed:

The [2025-2026 City Council Priorities](#) Preamble lists the City's top priority as fulfilling its core mission, including safeguarding the City's finances.



City of Kenmore, Washington

Memorandum

Date: August 29, 2024

To: Rob Karlinsey, City Manager

From: Melinda Merrell, Finance Director

Regarding: 1st Quarter 2024 Financial Reports for the City of Kenmore, Washington

1st Quarter 2024 financial information is presented for your review and delivery to the City Council. Attached you will find the following reports:

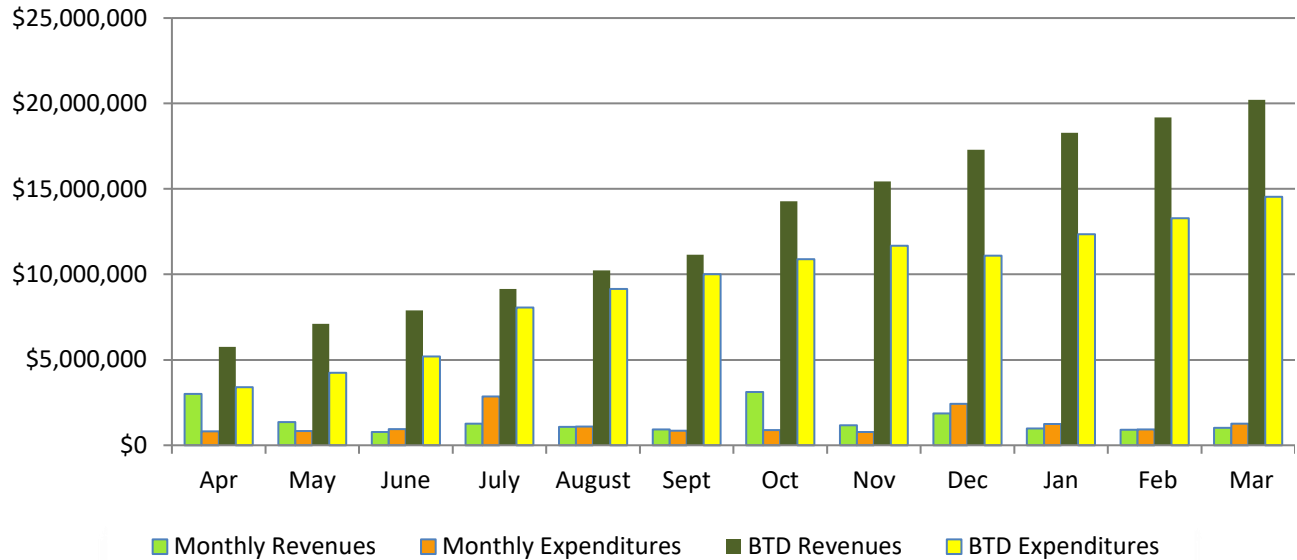
- General Fund Summary
- Street Fund Summary
- Other Funds Monthly Activity
- Investment Schedule and Portfolio Analysis
- Retail Sales and Use Tax Distribution

If you would like additional information or have any questions regarding the financial reports, please feel free to contact me.

GENERAL FUND

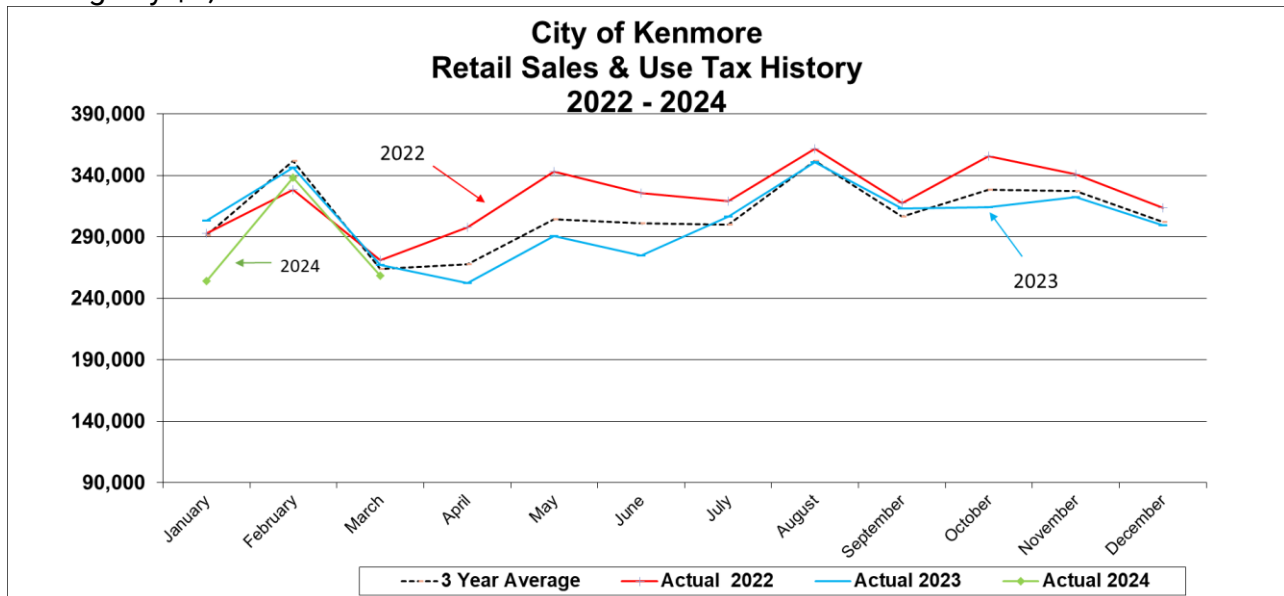
The first section of the quarterly financial report is a review of the General Fund. This fund accounts for operational activities and includes all financial resources except those required or elected to be accounted for in another fund. Revenues include various taxes, per capita distributions from the State, fines and forfeitures, permits and licenses, and fees for service. In the context of the biennial budget, the 1st Quarter of 2024 is the thirteenth through the fifteenth month of the 2023-2024 biennial budget period. For Q1, 2024, expenditures exceeded revenues in the General Fund by \$543,112. Biennium to date, revenues exceed expenditures by \$5,655,402. This is due to the use of ARPA funds in 2023 to cover our police costs in the amount of \$4.6 million. In addition, development fees and permits revenues are running higher than anticipated as well as higher investment interest than expected.

The following chart illustrates the monthly revenue and expenditure activity in the General Fund through March 2024.



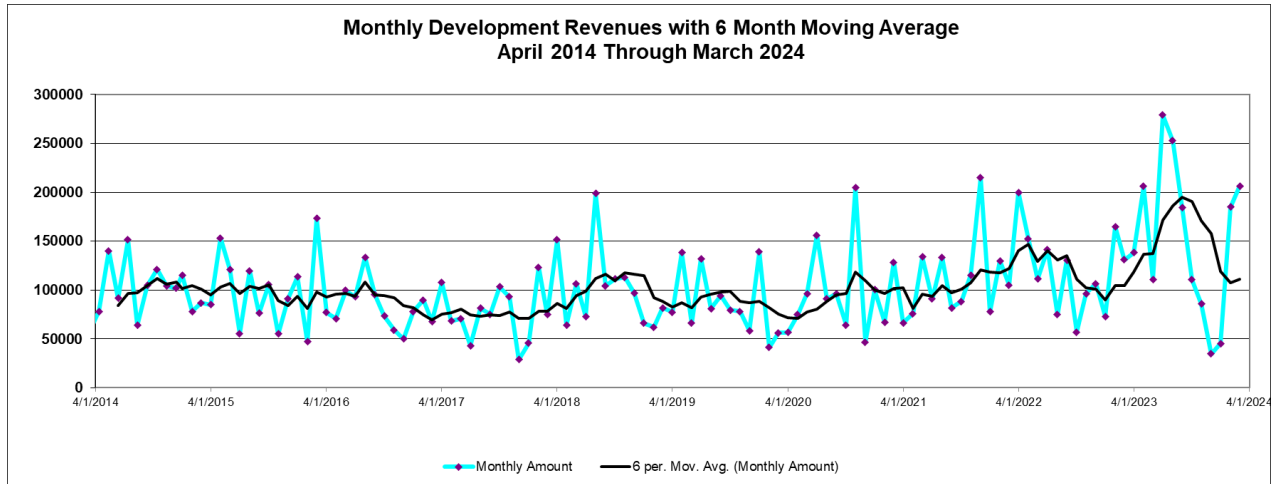
Total **revenues** for the quarter were **\$2,905,803**. Biennium to date revenues were \$20,204,890 which is 61.3% of the amended budgeted revenues of \$32,967,258. Primary sources of revenue for the quarter included \$297,654 in property taxes, \$436,638 in development fees & permits, \$892,519 in retail sales and use taxes, \$307,012 in franchise fees, and \$710,736 in utility taxes.

A summary of sales tax revenues received in **March** is attached. These receipts are based on **January** sales activity. The chart below gives a historical perspective of monthly sales tax receipts over the last few years. The black dotted 3 Year Average line is a monthly average of actual receipts during 2021, 2022, and 2023. The green line represents 2024 actual receipts by month, which as of March are \$8,590 below 2023 and below the 3 Year Average by \$5,346.



The following chart illustrates the Development Revenue activity over the last 10 years.

18120 68th Ave NE, Kenmore, WA 98028



1st Quarter 2024 expenditures were **\$3,448,915**. Biennium to date expenditures were \$14,549,489 which is 44.4% of the amended biennial budget expenditures of \$32,736,301. Human Resources is running lower than budgeted as the HR Director position was vacant as of June 2023 and will not be filled. The savings from this was rolled toward the Deputy Clerk position. Annual payment of the AWC dues (\$20K) in the first quarter caused an uptick in City Council expenses. Legal fees have been running higher than expected. As noted previously, \$4.6 million of ARPA funds were used to cover most of our Public Safety costs in 2023. Environmental Services expenses are lower than anticipated as no expenses have been incurred for Grant Matches or Strategic Partnerships thus far. Housing and Human Services expenses are running higher than expected as \$62K has been spent on Human Services Contributions but was originally budgeted in the City Clerk's budget.

City cash, \$19,070,825, and investments, \$9,478,077, at the end of 1st Quarter 2024, totaled \$28,548,902.

OTHER FUNDS

Total non-General Fund revenues for the quarter were \$3,435,289 and total non-General Fund expenditures were \$2,009,564.

In the **Street Fund**, expenses are outpacing revenues year to date as 2024 transfers from the General Fund and Transportation Benefit District have not yet been recorded. Thus, revenues are lower than expected at 41% for the biennium vs the 63% target.

In the 1st Quarter, the **Transportation Capital Fund** had expenditures in the amount of \$295,533 on pedestrian safety projects & street maintenance. The fund received \$9,649 in grant reimbursements during the quarter.

The **Real Estate Excise Tax Fund** received \$225,082 of real estate excise taxes (REET) in 1st Quarter 2024. Sixty-four (64) transactions were reported.

The **Park Impact Fee Fund** received \$251,459 in revenue during the quarter.

In the 1st Quarter, there were revenues of \$619,145 for the **Transportation Impact Fee Fund**.

In the 1st Quarter, the **Walkways & Waterways Debt Service Fund** collected \$54,438 in property taxes related to the Prop 1 Bond for a biennium to date total revenue of \$1,109,808.

The **KAPE Fund** received \$223,005 in photo enforcement infraction revenue during the quarter which was offset by \$47,655 in expenses.

The **Transportation Benefit District Fund** received \$165,782 in vehicle license fees during the quarter.

SUMMARY

This concludes the financial report for the City of Kenmore as of the **1st Quarter 2024**. I appreciate your feedback and encourage you to contact me if you have any questions prior to the City Council meeting.

City of Kenmore
General Fund Summary Report
March 31, 2024

	CURRENT PERIOD 2023-2024				PREVIOUS PERIOD 2021-2022				
	1st Quarter 2024	BIENNIUM TO DATE 2023-2024	% of BUDGET	AMENDED BIENNIUM BUDGET 2023-2024	1st Quarter 2021	1st Quarter 2022	BIENNIUM TO DATE 2021-2022	% of BUDGET	AMENDED BIENNIUM BUDGET 2021-2022
REVENUES									
Beginning Fund Balance		3,533,762		3,533,762			2,748,005		2,748,005
Property Taxes	297,654	5,955,929	51.8%	11,493,841	358,120	313,060	5,661,041	52.1%	10,865,654
Sales and Use Taxes	892,519	4,533,492	62.7%	7,231,794	910,595	892,740	4,469,845	66.2%	6,754,280
Utility Taxes	710,736	2,880,421	65.5%	4,400,745	322,764	423,268	1,356,929	56.6%	2,399,290
Other Taxes	87,288	214,156	52.7%	406,161	20,456	28,541	131,656	72.3%	182,200
Development Fees & Permits	436,638	2,199,950	89.5%	2,458,416	296,069	312,650	1,609,952	93.6%	1,720,003
Franchise Fees	307,012	1,186,730	65.7%	1,807,003	240,707	240,051	1,088,169	62.3%	1,746,569
Intergovernmental and Grants	89,767	1,633,762	53.6%	3,046,996	318,216	369,625	1,803,507	62.1%	2,902,594
Investment Interest	69,378	261,888	87.3%	300,000	76,003	1,666	27,996	42.4%	66,000
Fees and Forfeitures	0	0	0.0%	0		0		0.0%	0
Transfers and Other Revenues	14,811	1,338,563	73.5%	1,822,302	24,434	13,052	3,269,593	62.8%	5,203,180
Total Revenues	2,905,803	20,204,890	61.3%	32,967,258	2,567,363	2,594,654	19,418,687	61.0%	31,839,770

City of Kenmore
General Fund Summary Report
March 31, 2024

	CURRENT PERIOD 2023-2024				PREVIOUS PERIOD 2021-2022				
	1st Quarter	BIENNIUM	% of	AMENDED	1st Quarter	1st Quarter	BIENNIUM	% of	AMENDED
	<u>2024</u>	<u>TO DATE</u>	<u>BUDGET</u>	<u>BIENNIUM</u>	<u>2021</u>	<u>2022</u>	<u>TO DATE</u>	<u>BUDGET</u>	<u>BIENNIUM</u>
<u>EXPENDITURES</u>				<u>BUDGET</u>					<u>BUDGET</u>
Post Center									
City Council	71,999	313,709	77.5%	405,013	58,526	71,189	212,391	63.8%	332,711
City Manager	458,832	2,529,561	69.5%	3,640,924	305,038	365,617	1,771,082	56.7%	3,121,846
City Clerk	150,935	589,396	60.2%	978,750	43,264	93,035	549,682	58.7%	937,052
Finance	847,105	2,151,201	68.5%	3,141,637	467,718	510,236	1,520,314	68.7%	2,212,820
Human Resources	18,251	152,919	30.0%	510,304	0	37,722	159,020	49.8%	319,432
Legal	108,788	520,813	74.4%	700,000	82,657	132,200	569,513	100.8%	565,000
Interfund Transfers/Non Department	0	428,000	30.4%	1,407,093	0	0	2,303,405	33.7%	6,830,617
Public Safety *	75,506	524,255	5.3%	9,956,950	47,733	365,113	4,081,911	44.6%	9,152,371
Special Projects	130,797	130,797	0.0%	0	0	0	0	0.0%	0
Engineering	223,604	1,133,638	65.0%	1,745,035	143,101	183,167	884,917	52.4%	1,689,574
Environmental Services	47,081	266,919	46.6%	572,820	0	0	0	0.0%	0
Housing & Human Services	133,978	453,602	82.4%	550,700	0	0	0	0.0%	0
Community Development	178,878	1,086,476	53.3%	2,038,723	178,637	186,993	1,056,562	62.3%	1,695,828
Developmental Services	469,780	1,994,686	59.2%	3,371,076	333,970	342,087	1,639,535	57.6%	2,845,428
Parks & Facility Maintenance	533,382	2,273,517	61.2%	3,717,276	302,828	246,051	1,638,478	61.2%	2,676,904
Total Expenditures	3,448,915	14,549,489	44.4%	32,736,301	1,963,470	2,533,410	16,386,811	50.6%	32,379,582
	(543,112)	5,655,402		230,957	603,893	61,243	3,031,876		(536,812)
Ending Fund Balance		9,189,164		3,764,719			5,779,881		2,208,193

* The use of ARPA funds in 2023 to cover our police costs in the amount of \$4.6 million

City of Kenmore
Street Fund Summary Report
March 31, 2024

Page 409 of 452

CURRENT PERIOD 2023 - 2024				
	1st Quarter <u>2024</u>	BIENNIUM TO DATE <u>2023-2024</u>	% of <u>BUDGET</u>	<u>BUDGET</u> <u>2023-2024</u>
REVENUES				
Beginning Fund Balance		2,270,562		2,270,562
Fuel Tax	93,069	511,755	55.8%	917,905
Investment Interest	12,582	75,305	376.5%	20,000
Miscellaneous	132	9,339	155.7%	6,000
ROW Permit Fees/Inspections	23,540	249,593	102.5%	243,612
Multimodal Transportation	7,766	39,046	61.1%	63,948
MVA Transpo City	6,795	34,165	84.1%	40,602
Transfer from General Fund	0	400,000	21.5%	1,858,313
Transfer from TBD	0	450,000	38.1%	1,180,000
Total Revenues	143,884	1,769,203	40.9%	4,330,380

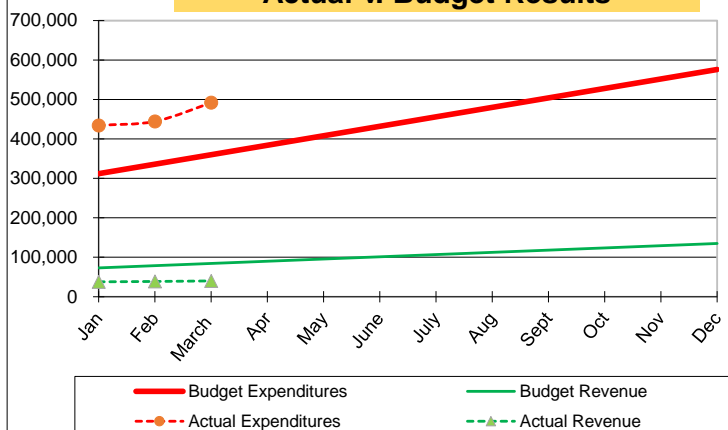
CURRENT PERIOD 2023 - 2024				
	1st Quarter <u>2024</u>	BIENNIUM TO DATE <u>2023-2024</u>	% of <u>BUDGET</u>	<u>BUDGET</u> <u>2023-2024</u>
EXPENDITURES				
Salary and Benefits	175,700	925,161	55.2%	1,675,300
Maintenance & Operations	241,895	1,020,455	51.1%	1,998,800
Capital	0	21,400	38.9%	55,000
Transfer to PW Shop Fund	0	52,000	95.1%	54,682
Total Expenditures	417,594	2,019,017	53.4%	3,783,782
Expenditures (over) under Revenues	(273,710)	(249,814)		546,598
Ending Fund Balance		2,020,748		2,817,160

March 31, 2024

STRATEGIC OPPORTUNITIES FUND

	2023-2024 Budget Expenditures	2023-2024 Actual Expenditures	2023-2024 Budget Revenue	2023-2024 Actual Revenue
Jan	312,000	434,303	73,138	37,821
Feb	336,000	444,494	78,764	38,774
March	360,000	491,833	84,389	40,109
Apr	384,000		90,015	
May	408,000		95,641	
June	432,000		101,267	
July	456,000		106,892	
Aug	480,000		112,518	
Sept	504,000		118,144	
Oct	528,000		123,769	
Nov	552,000		129,393	
Dec	576,000		135,018	
2023-24	576,000		135,018	
Total Actual to Date vs Total Budget		137%	48%	

STRATEGIC OPPORTUNITIES FUND Actual v. Budget Results

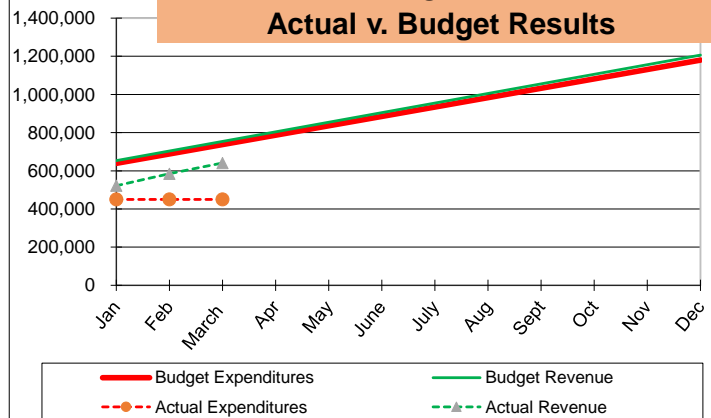


The purpose of the Strategic Opportunities Fund is to have funds available for the City to make key investments or take advantage of strategic opportunities as they present themselves.

TRANSPORTATION BENEFIT DISTRICT FUND

	2023-2024 Budget Expenditures	2023-2024 Actual Expenditures	2023-2024 Budget Revenue	2023-2024 Actual Revenue
Jan	639,171	450,000	653,419	521,481
Feb	688,337	450,000	703,681	584,622
March	737,504	450,000	753,944	640,848
Apr	786,671		804,207	
May	835,837		854,470	
June	885,004		904,732	
July	934,171		954,995	
Aug	983,337		1,005,258	
Sept	1,032,503		1,055,519	
Oct	1,081,669		1,105,781	
Nov	1,130,834		1,156,043	
Dec	1,180,000		1,206,305	
2023-24	1,180,000		1,206,305	
Total Actual to Date vs Total Budget		61%	85%	

TRANSPORTATION BENEFIT DISTRICT FUND Actual v. Budget Results

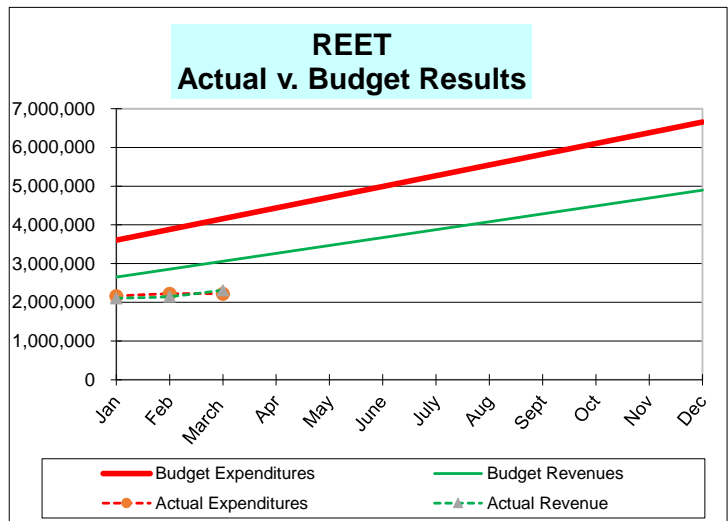


The Transportation Benefit District fund accounts for the \$40 vehicle license tab fees levied on vehicles located in the Kenmore city limits. The fee was increased from \$20 to \$40 in late 2023. The revenue generated will be used in maintaining the City's transportation system.

March 31, 2024

REAL ESTATE EXCISE TAX FUND

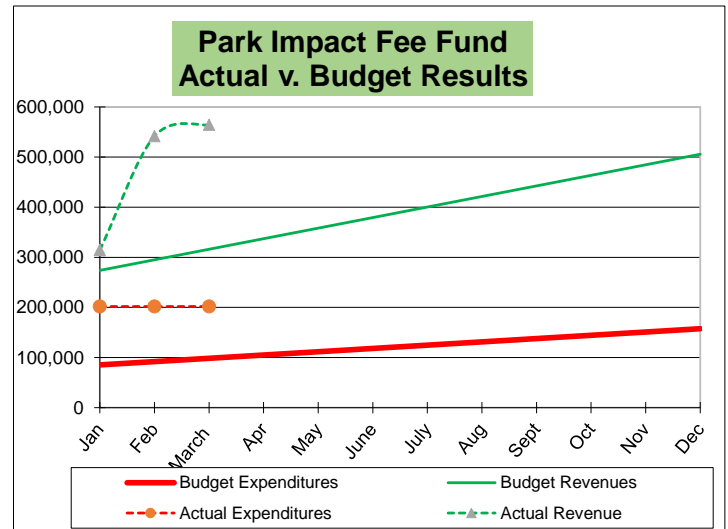
	2023-2024 Budget Expenditures	2023-2024 Actual Expenditures	2023-2024 Budget Revenue	2023-2024 Actual Revenue
Jan	3,604,900	2,163,622	2,652,091	2,105,710
Feb	3,882,200	2,222,009	2,856,098	2,149,867
March	4,159,500	2,222,009	3,060,105	2,315,946
Apr	4,436,800		3,264,112	
May	4,714,100		3,468,119	
June	4,991,400		3,672,126	
July	5,268,700		3,876,133	
Aug	5,546,000		4,080,140	
Sept	5,823,300		4,284,147	
Oct	6,100,600		4,488,154	
Nov	6,377,900		4,692,161	
Dec	6,655,201		4,896,168	
2023-24	6,655,201		4,896,168	
Total Actual to Date vs Total Budget		53%		76%



The Real Estate Excise Tax Fund accounts for the 1/2% real estate excise taxes levied by the City which are restricted to capital projects and improvements. Expenditures include transfers to the Park Capital Fund for park improvements and Transportation Capital Fund for transportation improvements.

PARK IMPACT FEE FUND

	2023-2024 Budget Expenditures	2023-2024 Actual Expenditures	2023-2024 Budget Revenue	2023-2024 Actual Revenue
Jan	85,319	201,725	273,910	314,420
Feb	91,881	201,725	294,979	541,436
March	98,444	201,725	316,049	564,168
Apr	105,006		337,118	
May	111,569		358,188	
June	118,131		379,258	
July	124,693		400,327	
Aug	131,254		421,396	
Sept	137,816		442,464	
Oct	144,377		463,533	
Nov	150,939		484,601	
Dec	157,500		505,670	
2023-24	157,500		505,670	
Total Actual to Date vs Total Budget		205%		179%



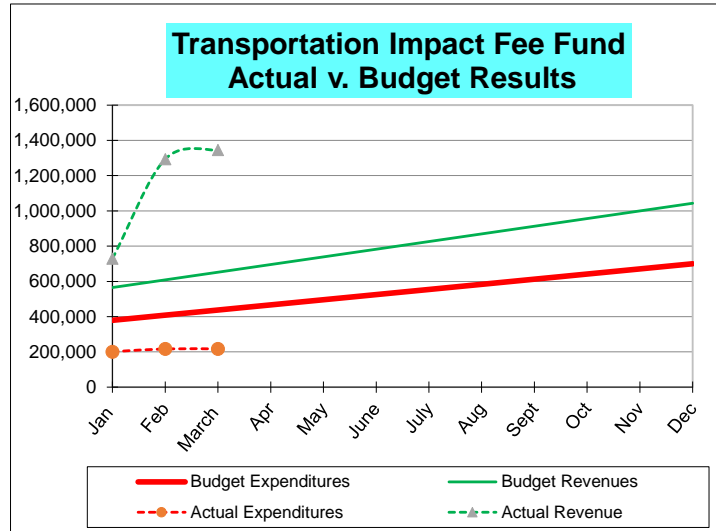
This fund accounts for City imposed park impact fees on new development. Expenditures are for public park acquisitions and improvements.

City of Kenmore
Other Funds Monthly Activity

March 31, 2024

TRANSPORTATION IMPACT FEE FUND

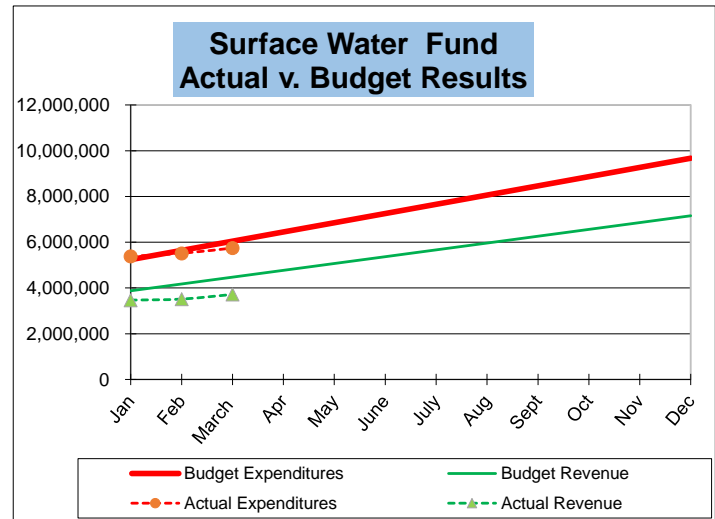
	2023-2024 Budget Expenditures	2023-2024 Actual Expenditures	2023-2024 Budget Revenue	2023-2024 Actual Revenue
Jan	379,171	200,890	565,136	729,482
Feb	408,337	216,856	608,609	1,293,536
March	437,504	216,856	652,081	1,344,992
Apr	466,671		695,553	
May	495,837		739,025	
June	525,004		782,498	
July	554,171		825,970	
Aug	583,337		869,442	
Sept	612,503		912,914	
Oct	641,669		956,388	
Nov	670,834		999,861	
Dec	700,000		1,043,334	
2023-24	700,000		1,043,334	
Total Actual to Date vs Total Budget		50%	206%	



This fund accounts for City imposed transportation impact fees on new development. Expenditures are for public transportation improvements.

SURFACE WATER MANAGEMENT FUND

	2023-2024 Budget Expenditures	2023-2024 Actual Expenditures	2023-2024 Budget Revenue	2023-2024 Actual Revenue
Jan	5,238,766	5,384,725	3,875,989	3,468,896
Feb	5,641,747	5,513,372	4,174,141	3,513,940
March	6,044,729	5,746,178	4,472,294	3,717,775
Apr	6,447,710		4,770,447	
May	6,850,692		5,068,600	
June	7,253,673		5,366,752	
July	7,656,654		5,664,905	
Aug	8,059,634		5,963,058	
Sept	8,462,615		6,261,209	
Oct	8,865,595		6,559,361	
Nov	9,268,576		6,857,513	
Dec	9,671,557		7,155,665	
2023-24	9,671,557		7,155,665	
Total Actual to Date vs Total Budget		95%	83%	



This fund accounts for receipts from surface water assessments. The assessments are collected through the property tax billings; the majority of the receipts are collected in May and November. Expenditures are for surface water maintenance activities such as sweeping and drainage as well as capital improvements.

City of Kenmore
Investment Schedule
March 31, 2024

Average Yield to Maturity-Securities								Average Yield	3.52%
Investment #		Type	Purchase Date	Maturity Date	Rate	Yield		Principal or Balance	Yield Equivalents
Time Value Investments									
	9128286Z8	US TREAS	1/25/2021	6/30/2024	1.75%	0.18%		1,065,261.38	1,917.47
	91282CCX7	US TREAS	7/14/2023	9/15/2024	0.38%	5.00%		1,445,711.91	72,285.60
	91282CDN8	US TREAS	8/7/2023	12/15/2024	1.00%	5.02%		1,493,005.50	74,948.88
	3130AQTTO	FHLB	3/2/2022	2/28/2025	1.55%	1.67%		1,494,768.00	24,962.63
	912828XB1	US TREAS	12/4/2023	5/15/2025	2.13%	4.56%		1,497,687.50	68,294.55
	912828R36	US TREAS	1/17/2024	5/15/2026	1.63%	3.98%		996,479.38	39,659.88
	91282CBS9	US TREAS	3/26/2024	3/31/2028	1.25%	4.20%		1,485,163.35	62,406.56
Total TVI Purchases								9,478,077.02	344,475.56

CD's									
Total CD's								0.00	0.00

TOTAL ALL SECURITIES \$ 9,478,077.02 \$ 344,475.56

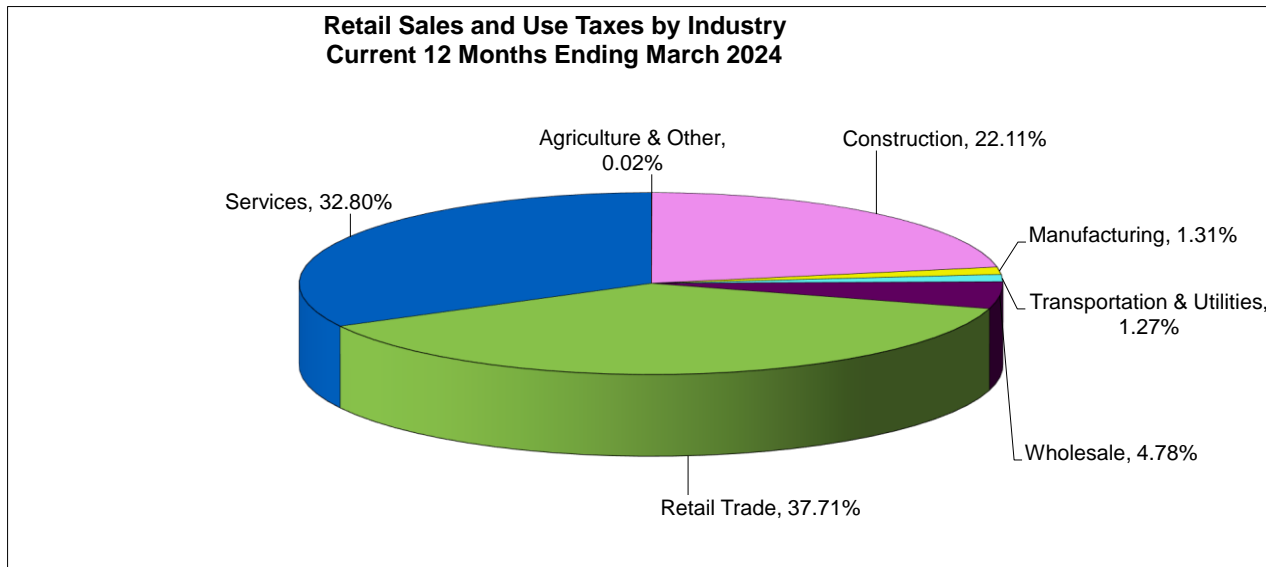
Banner Checking and Savings	0.02%		1,696,915.88	339.38
Pacific Premier Savings	5.45%		3,409,112.91	185,728.47
LGIP - Primary Account	5.41%		7,214,095.20	390,282.55
LGIP - Bond Proceeds Account	5.41%		6,750,701.23	365,212.94
			\$ 19,070,825.22	\$ 941,563.34

Total Accounts \$ 28,548,902.24 1,286,038.90

City of Kenmore
Retail Sales and Use Tax Distribution
March 31, 2024

Page 414 of 452

<u>Industry</u>	<u>Prior 12 Months ending March 2023</u>	<u>Current 12 Months ending March 2024</u>	<u>% Increase/ (Decrease)</u>	<u>% of Total</u>
Agriculture & Other (Landscaping, Animal Hospitals)	\$1,085	\$708	-34.74%	0.02%
Construction	915,438	799,945	-12.62%	22.11%
Manufacturing (Printing, Publishing, Other Manuf.)	73,982	47,347	-36.00%	1.31%
Transp/Comm/Utilities (Telecomm., Air Transport.)	45,869	46,026	0.34%	1.27%
Wholesale (Lumber, Other Wholesale)	178,097	172,979	-2.87%	4.78%
Retail Trade (Eating, Merchandise, Food Stores)	1,391,890	1,363,951	-2.01%	37.71%
Services (Auction, Recreation, Auto Repair, Financial)	<u>1,285,259</u>	<u>1,186,322</u>	-7.70%	32.80%
Totals	<u>\$3,891,620</u>	<u>\$3,617,278</u>	<u>-7.05%</u>	100%
Increase/(Decrease)		<u>(\$274,342)</u>	<u>-7.05%</u>	



NOTE: Due to the City's Confidentiality Agreement with the Department of Revenue, specific business information cannot be disclosed.

There is a sixty-day lag between sales taxes collected and when they are remitted to the City

