

AGENDA

DES MOINES CITY COUNCIL
FINANCE COMMITTEE
City Council Chambers
21630 11th Avenue S, Des Moines, Washington
Thursday, June 6, 2024 - 4:00 PM

Finance Committee: Chair Matt Mahoney; Vice Chair Jeremy Nutting; JC Harris

CALL TO ORDER

AGENDA

- Item 1. APPROVAL OF MINUTES
[Draft 05.02.2024 Minutes](#)
- Item 2. FINANCE UPDATE
- CIP Process
- Item 3. PARKS AND RECREATION FINANCES
[Parks and Recreation Finances](#)
- Item 4. 2023 ANNUAL FINANCIAL STATEMENTS
[2023 Annual Financials](#)
- Item 5. FIVE-YEAR FORECASTS
- With the Levy Lid Lift
 - Without the Levy Lid Lift
 - Closing the Budget Gap
- [Five Year Forecasts](#)
- Item 6. GENERAL FUND REPORT - APRIL 2024
[April 2024 Monthly GF Committee Report](#)
- Item 7. MAY 2024 SALES TAX REPORT
[May 2024 Sales Tax Report](#)

ADJOURNMENT

MINUTES

**DES MOINES CITY COUNCIL
FINANCE COMMITTEE
City Council Chambers
VIA ZOOM**

Thursday, May 2, 2024 - 4:00 PM

CALL TO ORDER

Chair Matt Mahoney called the meeting to order at 4:01 p.m.

ROLL CALL

Finance Committee:

Chair Matt Mahoney, Vice Chair Jeremy Nutting, Councilmember JC Harris

Council Present:

Mayor Traci Buxton; Deputy Mayor Harry Steinmetz; and Councilmember Gene Achziger

Staff Present:

Interim City Manager Tim George; Interim City Attorney Matt Hutchins; Finance Director Jeff Friend; Deputy City Clerk Sara Lee; and City Hall Office Specialist Laura Hopp

AGENDA

APPROVAL OF MINUTES

Direction/Action

Motion made by Chair Matt Mahoney to approve the minutes as presented; seconded by Vice Chair Jeremy Nutting.

Motion passes 3-0.

LONG-TERM DEBT

- Finance Director Jeff Friend gave the Finance Committee information on the Long-Term Debt.

ARPA UPDATE

- Finance Director Jeff Friend updated the Finance Committee an update on the disbursement of ARPA (American Rescue Plan Act) funds.

Finance Committee Minutes
May 2, 2024

REET UPDATE

- Finance Director Jeff Friend updated the Finance Committee on the Real Estate Excise Tax.

MONTHLY GENERAL FUND REPORT - MARCH 2024

- Finance Director Jeff Friend gave the Finance Committee a Monthly General Fund Report.

FIVE-YEAR FORECAST

- Finance Director Jeff Friend gave the Finance Committee information on the Five-Year Forecast.

ADJOURNMENT

The meeting adjourned at 4:44 p.m.



Memo

To: Finance Committee
From: Bonnie Wilkins, Director of Community/Administrative Services
Date: May 29, 2024
Re: Parks, Recreation, Senior Services and Events & Facilities 2023/2024 Budgets

Committee Members,

Parks, Recreation & Senior Services provides an unquantifiable value and a valued asset to communities by enhancing the quality of life and promoting physical and mental health and social interaction by bringing people together. Parks, Recreation & Senior Services programs contribute to the overall enrichment of community life and can help reduce crime by engaging youth in positive activities and programs.

Because there is value in providing quality programs to our community, the General Fund has historically subsidized a portion of the total Parks, Recreation & Senior Services programs. This is not unique to Des Moines, but is a common practice among public agencies as a public benefit.

During the global COVID Pandemic, many Parks, Recreation & Senior Services programs that created revenue were shuttered due to health concerns as well as Executive Orders of the Governor. As a result, revenue from these programs also ceased. In response to the Pandemic, the Federal Government provided employers (public and private) with stimulus funds to pay employees in an effort to avoid a mass layoff situation. The City used stimulus funds (CARES, ARPA) to retain PRSS employees during these unprecedented times.

Given the current economic climate the City finds itself in, our goal is to provide programs to the community that raise an appropriate level of revenue while considering equity and endeavors to control costs.

In 2024 and in future years, our goal is to significantly reduce the amount by which Parks, Recreation, and Senior Services is subsidized by the General Fund by working towards having revenue-generating programs pay for themselves.

RECREATION & ACTIVITY CENTER

ACTIVITY CENTER		2024		05.02.2024	
Org		Revenues	Expenditures	Profit/Loss	
00158334	ACTIVITY CENTER CHGS FOR SERVI	\$ 2,315.00			
00158333	ACTIVITY CENTER	\$ 49,551.51			
00158336	ACTIVITY CENTER MISCELLANEOUS	\$ 500.00			
00163001	ACTIVITY/CLASS/EVENTS		\$ 6,059.63		
00158301	ACTIVITY CENTER		\$ 216,248.87	\$ (169,941.99)	
				\$ (169,941.99)	
RECREATION					
Org		Revenues	Expenditures	Profit/Loss	
00161034	BEFORE & AFTER SCHOOL CHGS FOR	\$ 31,620.00			
00161001	BEFORE AND AFTER SCHOOL		\$ 23,436.72	\$ 8,183.28	
00161234	SUMMER/BREAKS CHARGES FOR SVCS	\$ 142,842.00			
00161201	SUMMER/BREAKS		\$ 13,217.57	\$ 129,624.43	
00162034	YOUTH SPORTS CHARGES FOR SERVI	\$ 24,230.00			
00162001	YOUTH SPORTS		\$ 16,379.27	\$ 7,850.73	
00163501	FIELD RENTALS	\$ 7,750.00			
00163534	FIELD RENTALS CHGS FOR SVCS	\$ -			
00163536	FIELD RENTALS MISCELLANEOUS	\$ 13,505.00			
00158036	PARKS & PUBLIC SPACES MISCELLA	\$ 645.00			
00156536	PARKS MAINTENANCE CHGS FOR SVC	\$ -			
00163501	FIELD RENTALS		\$ 7,750.00	\$ 14,150.00	
00163034	RECREATION ACTIVITIES CHGS FOR	\$ 12,061.00			
00166036	PARK PROGRAM SCHOLARSHIPS	\$ 115.00			
00158601	RECREATION OPERATIONS		\$ 233,918.67		
00161101	PRESCHOOL		\$ -		
00166001	PARK SCHOLARSHIPS USED		\$ 28.00	\$ (221,770.67)	
		\$ 232,768.00	\$ 294,730.23	\$ (61,962.23)	

Reimbursable expenses from Insurance and Emergency Management
Amount yet to be determined

Recreation Operations 00158601	YTD		
	2023	2024	Budgeted
Salaries	\$ 338,822.31	\$ 116,320.58	\$ 352,169.00
Extra Hire	\$ 18,911.53	\$ 9,432.66	\$ 42,293.00
Overtime	\$ 10,199.63	\$ 1,088.10	\$ -
Benefits - Federal	\$ 6,654.69	\$ 2,449.96	\$ 8,409.00
Benefits - State	\$ 2,098.65	\$ 796.79	\$ 2,247.00
Benefits - Retirement	\$ 35,187.68	\$ 11,359.12	\$ 33,569.00
Benefits - ICMA	\$ 22,956.39	\$ 7,744.21	\$ 23,229.00
Benefits - Medical	\$ 42,668.18	\$ 18,340.43	\$ 40,616.00
Benefits - Other	\$ 3,910.71	\$ 1,570.30	\$ 4,078.00
Supplies	\$ 4,908.32	\$ 1,204.84	\$ 5,000.00
One time Request	\$ 350.84	\$ 259.17	\$ -
Small Tools & Equipment	\$ 677.89	\$ 252.04	\$ 2,000.00
Professional Services	\$ 6,170.46	\$ 3,449.16	\$ 5,400.00
Janitorial Services	\$ 46,372.63	\$ 14,214.98	\$ 50,000.00
Communication	\$ 2,574.23	\$ 1,162.47	\$ 2,500.00
Meals & Travel	\$ 1,814.17	\$ 860.86	\$ 3,000.00
Electricity	\$ 4,484.94	\$ 1,866.96	\$ 4,500.00
Water	\$ 2,132.65	\$ 746.59	\$ 2,000.00
Surface Water	\$ 1,228.58	\$ 1,284.53	\$ 2,000.00
Natural Gas	\$ 3,961.05	\$ 2,037.64	\$ 6,060.00
Repairs & Maintenance	\$ 19,948.86	\$ 7,427.38	\$ 18,000.00
Miscellaneous	\$ 211.68	\$ 21.01	\$ 500.00
Miscellaneous Bank Fees	\$ 21,925.99	\$ 7,624.70	\$ 20,000.00
Laundry	\$ 1,033.85	\$ 540.94	\$ 1,000.00
Dues, Schools & Conferences	\$ 4,541.12	\$ 505.00	\$ 4,000.00
Interfund Computer Repair	\$ 180.00		
Interfund Insurance	\$ 11,916.00	\$ 13,549.90	\$ 37,167.00
Interfund Facility Repair	\$ 9,370.00	\$ 7,808.35	\$ 18,740.00
	\$ 625,213.03	\$ 233,918.67	\$ 688,477.00

EVENTS AND FACILITIES		2024	
REVENUE	Description	Actuals	
00168033	337370	PORT OF SEATTLE INTERLOCAL DE	\$ -
00168036	362400	WOOTON PARK GAZEBO RENTAL	\$ -
00168036	362403	ACTIVITY CENTER RENTAL	\$ 3,380.00
00168036	362404	ACTIVITY CENTER ANCILLARY	\$ -
00168036	362406	FIELD HOUSE GYM RENTAL	\$ 7,053.75
00168036	362407	FIELD HOUSE GYM	\$ 810.00
00168036	362408	FH PICNIC SHELTER RENTAL	\$ 230.00
00168036	362409	FH PICNIC SHELTER ANCILLARY	\$ 30.00
00168036	362410	BP AUDITORIUM RENTAL	\$ 35,488.75
00168036	362411	BP AUDITORIUM ANCILLARY	\$ 11,843.20
00168036	362412	BP FOUNDERS LODGE RENTAL	\$ 3,625.00
00168036	362413	BP FOUNDERS LODGE ANCILLARY	\$ 1,100.00
00168036	362414	BP MEADOW RENTAL	\$ 2,600.00
00168036	362415	BP MEADOW ANCILLARY	\$ 120.00
00168036	362416	BP DINING HALL RENTAL	\$ 34,825.00
00168036	362417	BP DINING HALL ANCILLARY	\$ 9,565.00
00168036	362418	BP PICNIC SHELTER RENTAL	\$ 2,530.00
00168036	362419	BP PICNIC SHELTER ANCILLARY	\$ 240.00
00168036	362421	FACILITY SET UP FEES	\$ 3,000.00
00168036	362426	BP EVENT CENTER BUYOUT	\$ 28,320.00
00168036	362427	WEDDING PACKAGE	\$ 1,768.75
00168036	362428	SOUND VIEW PARK PLATFORM	\$ 320.00
00168036	362429	SVP PLATFORM ANCILLARY	\$ -
00168036	362431	BUYOUTS ANCILLARY	\$ -
00168036	369800	CASH OVERRAGES/SHORTAGES	\$ -
		Total Revenue	\$ 146,849.45
		Less Expenditures	\$ 227,791.96
		Total Profit/Loss	\$ (80,942.51)
		From MUNIS	\$ 146,199.45

As of 5/29/2024 \$ 650.00

OUTSTANDING BOOKINGS/REVENUE	
Ailey Camp \$40K	\$ 40,000.00
Blues & Brews \$8K	\$ 8,000.00
Few Buyouts \$15K	\$ 15,000.00
Church (Activity Center) Monthly \$1820	\$ 12,740.00
	\$ 75,740.00
	\$ (5,202.51)

EVENTS AND FACILITIES		2024	
EXPENDITURES	Description	Actuals	
00168001	362406	FIELD HOUSE GYM	\$ -
00168001	510000	SALARIES & WAGES	\$ 98,169.29
00168001	510001	EXTRA HIRE WAGES	\$ 5,678.02
00168001	510010	HOLIDAY PAY-OUT	
00168001	511000	OVERTIME	\$ 909.48
00168001	520100	BENEFITS - FEDERAL	\$ 1,872.95
00168001	520200	BENEFITS - STATE	\$ 847.25
00168001	520300	BENEFITS - RETIREMENT	\$ 9,461.88
00168001	520400	BENEFITS - ICMA	\$ 6,535.26
00168001	520500	BENEFITS - MED/DENTAL	\$ 14,292.46
00168001	520600	BENEFITS - OTHER	\$ 1,129.20
00168001	531000	SUPPLIES	\$ 1,984.39
00168001	531040	OFFICE SUPPLIES-PARK BLDGS	\$ 75.97
00168001	531060	UNIFORMS	\$ 751.99
00168001	535000	SMALL TOOLS & EQUIPMENT	\$ -
00168001	541000	PROFESSIONAL SERVICES	\$ 2,838.57
00168001	541025	ADVERTISING	\$ 2,522.10
00168001	541415	JANITORIAL SERVICES	\$ 15,026.64
00168001	542000	COMMUNICATION	\$ 2,914.06
00168001	543000	MEALS & TRAVEL EXPENSES	\$ 769.50
00168001	545000	OPERATING RENTALS & LEASES	\$ 1,200.00
00168001	545020	COPIER MAINT AGREEMENT	\$ 387.12
00168001	547010	ELECTRICITY	\$ 3,511.02
00168001	547020	WATER	\$ 3,068.67
00168001	547030	SEWER	\$ 638.63
00168001	547040	SURFACE WATER MANAGEMENT	\$ 9,044.61
00168001	547060	NATURAL GAS	\$ 4,347.70
00168001	548000	REPAIRS AND MAINTENANCE	\$ 8,578.27
00168001	549000	MISCELLANEOUS SERVICES	\$ 82.32
00168001	549200	LAUNDRY	\$ 3,163.36
00168001	549220	DUES, SCHOOLS & CONFERENCES	\$ 701.00
00168001	549250	PRINTING AND BINDING	\$ -
00168001	549905	INTERFUND INSURANCE	\$ 16,106.90
00168001	549906	FACILITY REPAIR & REPLACEMENT	\$ 11,183.35
		Total Expenditures	\$ 227,791.96
		From MUNIS	\$ 227,791.96

\$ -

City of Des Moines
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

Agenda Item #4

		Total for All Funds (Memo Only)	001 General Fund	101 Street Fund	102 Arterial Pavement
Beginning Cash and Investments					
308	Beginning Cash and Investments	52,487,802	5,833,734	727,638	1,934,683
388 / 588	Net Adjustments	(2,169,290)	(845,169)	(68,212)	(154,785)
Revenues					
310	Taxes	19,781,575	16,614,414	723,993	-
320	Licenses and Permits	3,193,369	1,594,643	-	656,464
330	Intergovernmental Revenues	3,156,962	1,195,498	657,055	-
340	Charges for Goods and Services	16,968,004	1,201,685	450,000	-
350	Fines and Penalties	1,582,519	1,216,964	-	-
360	Miscellaneous Revenues	1,910,796	604,812	13,862	50,591
Total Revenues:		<u>46,593,225</u>	<u>22,428,016</u>	<u>1,844,910</u>	<u>707,055</u>
Expenditures					
510	General Government	8,157,452	7,277,785	-	-
520	Public Safety	14,204,645	13,905,100	-	-
530	Utilities	3,274,686	-	-	-
540	Transportation	5,108,870	183,784	1,927,992	371,006
550	Natural/Economic Environment	3,163,233	596,767	-	-
560	Social Services	822,742	746,245	-	-
570	Culture and Recreation	7,012,966	3,023,079	-	-
Total Expenditures:		<u>41,744,594</u>	<u>25,732,760</u>	<u>1,927,992</u>	<u>371,006</u>
Excess (Deficiency) Revenues over Expenditures:		4,848,631	(3,304,744)	(83,082)	336,049
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	25,313,413	-	-	-
397	Transfers-In	4,032,556	1,235,552	94,525	1,000,000
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	725,568	112,371	3,478	-
Total Other Increases in Fund Resources:		<u>30,071,537</u>	<u>1,347,923</u>	<u>98,003</u>	<u>1,000,000</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	5,228,234	140,781	-	-
591-593, 599	Debt Service	1,040,640	3,000	-	-
597	Transfers-Out	4,032,555	559,110	-	320,449
585	Special or Extraordinary Items	143,528	143,528	-	-
581, 582, 589	Other Uses	547,290	129,017	26,691	-
Total Other Decreases in Fund Resources:		<u>10,992,247</u>	<u>975,436</u>	<u>26,691</u>	<u>320,449</u>
Increase (Decrease) in Cash and Investments:		<u>23,927,921</u>	<u>(2,932,257)</u>	<u>(11,770)</u>	<u>1,015,600</u>
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	37,127,015	389,221	3,996	2,468
50841	Committed	3,946,889	-	-	-
50851	Assigned	31,505,427	-	643,657	2,793,030
50891	Unassigned	1,667,091	1,667,091	-	-
Total Ending Cash and Investments		<u>74,246,422</u>	<u>2,056,312</u>	<u>647,653</u>	<u>2,795,498</u>

The accompanying notes are an integral part of this statement.

City of Des Moines
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

	105 Development Fund	107 Police Drug Seizure Fund	111 Hotel Motel Tax Fund	113 Affordable Housing Sales Tax Fund
Beginning Cash and Investments				
308	Beginning Cash and Investments	2,908,016	149,437	193,128
388 / 588	Net Adjustments	(180,015)	-	(14,979)
Revenues				
310	Taxes	-	-	112,988
320	Licenses and Permits	942,262	-	-
330	Intergovernmental Revenues	258,019	-	-
340	Charges for Goods and Services	1,343,056	-	-
350	Fines and Penalties	5,835	-	-
360	Miscellaneous Revenues	103,297	6,325	4,366
	Total Revenues:	<u>2,652,469</u>	<u>6,325</u>	<u>117,354</u>
Expenditures				
510	General Government	-	-	-
520	Public Safety	-	16,930	-
530	Utilities	-	-	-
540	Transportation	1,232,367	-	-
550	Natural/Economic Environment	2,314,209	-	120,986
560	Social Services	-	-	30,000
570	Culture and Recreation	-	-	-
	Total Expenditures:	<u>3,546,576</u>	<u>16,930</u>	<u>120,986</u>
	Excess (Deficiency) Revenues over Expenditures:	<u>(894,107)</u>	<u>(10,605)</u>	<u>(3,632)</u>
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	-	-
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	337,000	-	-
	Total Other Increases in Fund Resources:	<u>337,000</u>	<u>-</u>	<u>-</u>
Other Decreases in Fund Resources				
594-595	Capital Expenditures	-	-	-
591-593, 599	Debt Service	-	-	-
597	Transfers-Out	-	-	-
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	251,485	-	-
	Total Other Decreases in Fund Resources:	<u>251,485</u>	<u>-</u>	<u>-</u>
	Increase (Decrease) in Cash and Investments:	<u>(808,592)</u>	<u>(10,605)</u>	<u>(3,632)</u>
Ending Cash and Investments				
50821	Nonspendable	-	-	-
50831	Restricted	627,634	138,832	174,517
50841	Committed	-	-	-
50851	Assigned	1,291,774	-	-
50891	Unassigned	-	-	-
	Total Ending Cash and Investments	<u>1,919,408</u>	<u>138,832</u>	<u>174,517</u>
			<u>90,091</u>	

The accompanying notes are an integral part of this statement.

City of Des Moines
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

	114 ARPA	140 Redondo Zone	141 Waterfront Zone	142 PBPW Automation Fee	
Beginning Cash and Investments					
308	Beginning Cash and Investments	5,766,448	16,819	210,860	567,605
388 / 588	Net Adjustments	(56,596)	453	1,044	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	23,070	143,669
350	Fines and Penalties	-	2,710	150	-
360	Miscellaneous Revenues	6,165	61,149	12,198	15,053
	Total Revenues:	6,165	63,859	35,418	158,722
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	71,285	-
550	Natural/Economic Environment	10,118	-	-	78,429
560	Social Services	46,497	-	-	-
570	Culture and Recreation	-	117,452	75,451	-
	Total Expenditures:	56,615	117,452	146,736	78,429
	Excess (Deficiency) Revenues over Expenditures:	(50,450)	(53,593)	(111,318)	80,293
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	75,000	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
	Total Other Increases in Fund Resources:	-	75,000	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	1,788,377	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
	Total Other Decreases in Fund Resources:	1,788,377	-	-	-
	Increase (Decrease) in Cash and Investments:	(1,838,827)	21,407	(111,318)	80,293
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	3,871,025	-	-	-
50841	Committed	-	38,678	100,585	647,898
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
	Total Ending Cash and Investments	3,871,025	38,678	100,585	647,898

The accompanying notes are an integral part of this statement.

City of Des Moines
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

	180 Abatement Fund	190 ASE Automated Speed	199 Transport Benefit District	200 Debt Service Fund
Beginning Cash and Investments				
308	Beginning Cash and Investments	36,895	402,304	3,036,794
388 / 588	Net Adjustments	126	(21,090)	-
Revenues				
310	Taxes	-	-	952,773
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	-	-
340	Charges for Goods and Services	-	-	-
350	Fines and Penalties	541	342,267	-
360	Miscellaneous Revenues	2,800	11,736	76,391
	Total Revenues:	<u>3,341</u>	<u>354,003</u>	<u>1,029,164</u>
Expenditures				
510	General Government	-	-	-
520	Public Safety	-	282,615	-
530	Utilities	-	-	-
540	Transportation	-	-	450,000
550	Natural/Economic Environment	1,528	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
	Total Expenditures:	<u>1,528</u>	<u>282,615</u>	<u>450,000</u>
	Excess (Deficiency) Revenues over Expenditures:	<u>1,813</u>	<u>71,388</u>	<u>579,164</u>
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	-	459,892
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-
	Total Other Increases in Fund Resources:	<u>-</u>	<u>-</u>	<u>459,892</u>
Other Decreases in Fund Resources				
594-595	Capital Expenditures	-	-	-
591-593, 599	Debt Service	-	-	460,083
597	Transfers-Out	-	119,525	1,000,000
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	-	-	-
	Total Other Decreases in Fund Resources:	<u>-</u>	<u>119,525</u>	<u>1,000,000</u>
	Increase (Decrease) in Cash and Investments:	<u>1,813</u>	<u>(48,137)</u>	<u>(420,836)</u>
Ending Cash and Investments				
50821	Nonspendable	-	-	-
50831	Restricted	-	-	2,615,957
50841	Committed	38,833	333,076	-
50851	Assigned	-	-	-
50891	Unassigned	-	-	-
	Total Ending Cash and Investments	<u>38,833</u>	<u>333,076</u>	<u>2,615,957</u>

The accompanying notes are an integral part of this statement.

City of Des Moines
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

	300 Capital Projects Fund	401 Marina Operations Fund	450 Surface Water Operations	500 Equipment Rental Operations	
Beginning Cash and Investments					
308	Beginning Cash and Investments	9,305,788	6,420,994	8,892,237	228,722
388 / 588	Net Adjustments	(406,987)	(113,370)	(221,604)	(21,807)
Revenues					
310	Taxes	1,343,394	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	801,806	91,284	153,300	-
340	Charges for Goods and Services	339,505	5,296,839	5,359,286	728,644
350	Fines and Penalties	-	14,052	-	-
360	Miscellaneous Revenues	245,798	261,099	297,147	4,639
	Total Revenues:	<u>2,730,503</u>	<u>5,663,274</u>	<u>5,809,733</u>	<u>733,283</u>
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	3,274,686	-
540	Transportation	1,694	-	-	867,995
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	3,796,984	-	-
	Total Expenditures:	<u>1,694</u>	<u>3,796,984</u>	<u>3,274,686</u>	<u>867,995</u>
	Excess (Deficiency) Revenues over Expenditures:	2,728,809	1,866,290	2,535,047	(134,712)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	12,465,084	12,848,329	-	-
397	Transfers-In	999,092	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	673	76,425	6,466	20,987
	Total Other Increases in Fund Resources:	<u>13,464,849</u>	<u>12,924,754</u>	<u>6,466</u>	<u>20,987</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	3,110,714	411,797	602,923	-
591-593, 599	Debt Service	-	577,557	-	-
597	Transfers-Out	245,094	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	55,380	73,693	-
	Total Other Decreases in Fund Resources:	<u>3,355,808</u>	<u>1,044,734</u>	<u>676,616</u>	<u>-</u>
	Increase (Decrease) in Cash and Investments:	12,837,850	13,746,310	1,864,897	(113,725)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	16,097,740	12,988,928	4,066	-
50841	Committed	2,587,819	-	200,000	-
50851	Assigned	3,051,088	7,065,003	10,331,463	93,190
50891	Unassigned	-	-	-	-
	Total Ending Cash and Investments	21,736,647	20,053,931	10,535,529	93,190

The accompanying notes are an integral part of this statement.

City of Des Moines
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

		501 Equipment Rental Replacement	506 Facility Repair and Replacement	511 Computer Equipment Capital Fund	520 Self- Insurance Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	2,306,850	555,302	1,323,547	959,616
388 / 588	Net Adjustments	(43,191)	-	-	(23,108)
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	1,030,106	54,635	169,353	782,454
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	60,976	13,871	31,423	14,485
	Total Revenues:	<u>1,091,082</u>	<u>68,506</u>	<u>200,776</u>	<u>796,939</u>
Expenditures					
510	General Government	-	-	30,253	816,187
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	2,747	-	-	-
550	Natural/Economic Environment	-	-	-	41,196
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
	Total Expenditures:	<u>2,747</u>	<u>-</u>	<u>30,253</u>	<u>857,383</u>
	Excess (Deficiency) Revenues over Expenditures:	1,088,335	68,506	170,523	(60,444)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	157,723	10,772	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	165,267	2,901	-	-
	Total Other Increases in Fund Resources:	<u>322,990</u>	<u>13,673</u>	<u>-</u>	<u>-</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	721,112	30,949	209,958	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	11,024	-	-
	Total Other Decreases in Fund Resources:	<u>721,112</u>	<u>41,973</u>	<u>209,958</u>	<u>-</u>
	Increase (Decrease) in Cash and Investments:	690,213	40,206	(39,435)	(60,444)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	2,953,873	595,508	1,284,112	876,064
50891	Unassigned	-	-	-	-
	Total Ending Cash and Investments	2,953,873	595,508	1,284,112	876,064

The accompanying notes are an integral part of this statement.

City of Des Moines
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

		530
		Unemployment
		Insurance Fund
Beginning Cash and Investments		
308	Beginning Cash and Investments	501,577
388 / 588	Net Adjustments	-
Revenues		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	45,702
350	Fines and Penalties	-
360	Miscellaneous Revenues	12,613
Total Revenues:		58,315
Expenditures		
510	General Government	33,227
520	Public Safety	-
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		33,227
Excess (Deficiency) Revenues over Expenditures:		25,088
Other Increases in Fund Resources		
391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		-
Other Decreases in Fund Resources		
594-595	Capital Expenditures	-
591-593, 599	Debt Service	-
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	-
Total Other Decreases in Fund Resources:		-
Increase (Decrease) in Cash and Investments:		25,088
Ending Cash and Investments		
50821	Nonspendable	-
50831	Restricted	-
50841	Committed	-
50851	Assigned	526,665
50891	Unassigned	-
Total Ending Cash and Investments		526,665

The accompanying notes are an integral part of this statement.

City of Des Moines
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

		<u>Custodial</u>
308	Beginning Cash and Investments	33,072
388 & 588	Net Adjustments	(23,216)
310-390	Additions	800,965
510-590	Deductions	<u>762,599</u>
	Net Increase (Decrease) in Cash and Investments:	38,366
508	Ending Cash and Investments	48,223

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

The City of Des Moines, King County, Washington was incorporated on June 15, 1959 and operates under the laws of the State of Washington applicable to a Non-Charter Code City (Title 35A RCW) with a council/manager form of government. The City is a general purpose government and provides police, a municipal court, engineering, street construction and maintenance, planning and zoning, parks and recreation services, and general administrative functions. Fire protection for the City of Des Moines is provided by South King Fire and Rescue, an entity established on September 21, 2005 when voters approved the merger of King County Fire Protection District No. 26 and the Federal Way Fire Department. The City also owns and operates a marina and a surface water management utility.

The financial statements of the City of Des Moines have been prepared in conformity with the Cash Basis Budgeting, Accounting and Reporting System (BARS) Manual prescribed by the Washington State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles in the following manner:

- Financial transactions are recognized on a cash basis of account as described below
- Component units are required to be disclosed, but are not included in the financial statements
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments and revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

GOVERNMENTAL FUND TYPES

The **General Fund** is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government.

The **Debt Service Fund** accounts for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt.

The **Capital Projects Fund** accounts for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

PROPRIETARY FUND TYPES

The **Enterprise Funds** account for operations that provide goods or services to the general public and are supported primarily through user charges.

The **Internal Service Funds** account for operations that provide goods or services to other departments or funds of the government on a cost reimbursement basis.

FIDUCIARY FUND TYPES

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others.

The **Custodial Funds** are used to account for assets that the government holds on behalf of others in a custodial capacity.

B. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid. In accordance with state law the City also recognizes expenditures paid during the twenty day period after the close of the fiscal year for claims incurred during the previous period.

C. Cash and Investments

See Note 4, *Deposits and Investments* for additional details.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. Vacation leave is accumulated at various rates, depending upon date of hire, contract and City policy. Vacation leave is payable upon termination of employment. Sick leave accumulates at four hours per pay period. Employees may receive some or all of accumulated sick leave upon termination of employment, depending upon date of hire, contract and City policy. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 7 – Long-term Debt.

G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the City Council. When expenditures that meet restrictions are incurred, the City intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments consist of the following:

2023 Restrictions and Commitments of Ending Cash and Investments							
	General Fund	Debt Service	Special Revenue	Operations	Capital Projects	Fiduciary	Total
Restricted for:	389,221	-	7,012,962	834,222	28,890,609	48,223	37,175,238
Street					3,996		3,996
Arterial Pavement					2,468		2,468
Development				627,634			627,634
Seizure and Forfeiture			138,832				138,832
Affordable Housing			90,091				90,091
Motel Tax			174,517				174,517
American Rescue Plan Act			3,871,025				3,871,025
Transportation Benefits District			2,615,957				2,615,957
REET 2 Eligible Debt Service			9,318				9,318
2018 LTGO and Refunding Bonds			113,222				113,222
REET First Quarter					2,579,151		2,579,151
REET Second Quarter					1,923,197		1,923,197
Municipal Capital Improvements					11,595,392		11,595,392
Marina Operations				203,183	12,785,746		12,988,928
Surface Water management				3,406	660		4,066
Deposits	319,106						319,106
Donations	46,625						46,625
Court Trust Bails	23,490						23,490
Custodial						48,223	48,223
Committed for:	-	-	3,746,889	200,000	-	-	3,946,889
Redondo Zone			38,678				38,678
Waterfront Zone			100,585				100,585
PBPW Automation Fee			647,898				647,898
Abatement			38,833				38,833
Automated Speed Enforcement			333,076				333,076
Municipal Capital Improvements			2,587,819				2,587,819
Surface Water management				200,000			200,000
Total	389,221	-	10,759,851	1,034,222	28,890,609	48,223	41,122,127

Note 2 – Budget Compliance

The City adopts annual appropriated budgets for the general, special revenue, enterprise, internal service and fiduciary funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follows:

2023				
Funds	Original Adopted Budget	Final Adopted Budget	Actual Expenditures	Variance
General Fund	\$ 27,246,473	\$ 29,164,873	\$ 26,708,190	\$ 2,456,683
Special Revenue Funds				
Street Fund	2,032,774	2,251,774	1,954,684	297,090
Arterial Pavement	3,151,000	3,151,000	691,455	2,459,545
Development Fund	4,149,839	4,149,839	3,798,062	351,777
Police Drug Seizure Fund	11,000	25,500	16,929	8,571
Hotel Motel Tax Fund	120,000	130,000	120,986	9,014
Affordable Housing Sales Tax Fund	30,000	30,000	30,000	-
ARPA	3,154,759	3,834,400	1,844,992	1,989,408
Redondo Zone	80,934	121,934	117,452	4,482
Waterfront Zone	121,692	193,947	146,737	47,210
Planning, Building and Public Works Automation	78,429	78,429	78,429	-
Urban Forestry Fund	5,000	5,000	-	5,000
Abatement Fund	5,000	5,000	1,528	3,472
ASE Automated Speed Enforcement	397,000	417,000	402,141	14,859
Transport Benefit District	1,450,000	1,450,000	1,450,000	-
Debt Service Fund	462,893	812,893	460,082	352,811
Capital Project Fund	18,804,597	18,804,597	3,357,505	15,447,092
Proprietary Funds				
Marina	9,322,194	9,442,194	4,841,718	4,600,476
Surface Water Management	8,079,313	8,079,313	3,951,303	4,128,010
Internal Service Funds				
Equipment Rental Operations	768,629	868,629	867,995	634
Equipment Rental Replacement	946,000	1,109,237	723,858	385,379
Facility Repair and Replacement Fund	540,046	540,046	41,973	498,073
Computer Equipment Capital Fund	428,079	428,079	240,211	187,868
Self-Insurance Fund	801,000	976,000	857,383	118,617
Unemployment Insurance Fund	42,500	42,500	33,227	9,273
Total	\$ 82,229,151	\$ 86,112,184	\$ 52,736,839	\$ 33,375,345

Budgeted amounts are authorized to be transferred between object classes within departments; however; any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City’s legislative body.

Note 3 – COVID-19 Pandemic

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of the deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and non-essential activities.

On October 31, 2022, the Governor's COVID-19 emergency orders were lifted.

As the COVID-19 pandemic has worn down, the City had been able to reopen City Hall to the public, resume capital projects, end previous hiring freezes, and restart programs that had been halted.

While the City was the recipient of funds from the federal government's efforts at economic relief (Coronavirus Aid, Relief, and Economic Security Act, American Rescue Plan Act), the City was also challenged by the inflationary pressures and labor shortages related to recovering from the COVID-19 pandemic. As such, the City continues to be budget strategically to face these challenges, while also positioning itself to attract job candidates and retain current employees.

The length of time the City will face these specific challenges, and the full extent of the financial impact on the City of Des Moines is unknown at this time.

Note 4 – Deposits and Investments

Investments are reported at face value. Deposits and investments by type at December 31, 2023 are as follows:

Type of Deposit or Investment	City of Des Moines' own deposits and investments	Deposits and investments held by the City as custodian for other local governments,	Total
Bank Deposits	\$ 29,634,562	\$ 48,223	\$ 29,682,785
L.G.I.P.	16,471,860	-	16,471,860
U.S. Government Securities	28,140,000	-	28,140,000
	\$ 74,246,422	\$ 48,223	\$ 74,294,645

It is the City's policy to invest all temporary cash surpluses. The interest on these investments are prorated to the various funds.

Investments in Local Government Investment Pool (LGIP)

The City is a voluntary participant in the Local Government Investment Pool authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP advisory Committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at <http://www.tre.wa.gov>.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the City would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The City's deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

Note 5 - Joint Venture

On February 25, 2009, the Cities of Auburn, Burien, Des Moines, Federal Way, Renton, SeaTac and Tukwila, Washington (Member Cities) entered into a SCORE Facility Interlocal Agreement (as amended and restated on October 1, 2009, the "2009 Interlocal Agreement") pursuant to chapter 39.34 RCW (Interlocal Cooperation Act) to jointly construct, equip, maintain and operate a consolidated regional misdemeanor correctional facility located in Des Moines, Washington (SCORE Facility) to serve the parties to the 2009 Interlocal Agreement and state agencies and other local governments (Subscribing Agencies) to provide correctional services essential to the preservation of the public health, safety and welfare. To carry out the purposes of the 2009 Interlocal Agreement and to operate, manage and maintain the SCORE Facility, the Member Cities formed the South Correctional Entity (SCORE), a separate governmental administrative agency pursuant to the 2009 Interlocal Agreement and RCW 39.34.030(3).

The 2009 Interlocal Agreement named the City of Des Moines as the "Host City" and the remaining Member Cities as the "Owner Cities". Pursuant to a separate "Host City Agreement" dated October 1, 2009, the Host City will not enjoy the same equity position as the Owner Cities until all debts issued are paid and the Host City fulfills all of its obligations as outlined in the Host City Agreement. Pursuant to SCORE financial policies, all unexpended funds or reserve funds shall be distributed based on the percentage of the Member City's average daily population at the SCORE Facility for the last three (3) years regardless of its Owner City or Host City status. SCORE and the SCORE Facility may serve the Member Cities and Subscribing Agencies which are in need of correctional facilities. Any agreement with a Subscribing Agency shall be in writing and approved by SCORE as provided within the SCORE Formation Interlocal Agreement.

SCORE, as a governmental administrative agency formed under the Interlocal Cooperation Act, is not expressly authorized to issue bonds. To finance and refinance the costs of the SCORE Facility, the City of Renton, Washington, chartered the South Correctional Entity Facility Public Development Authority as a public corporation pursuant to RCW 35.21.730 through 35.21.757 (Public Corporation Act) and Ordinance No. 5444, passed on February 2, 2009 (Charter Ordinance).

2009 Bonds. The SCORE PDA issued its Bonds, Series 2009A (2009A Bonds) and Bonds, Series 2009B (Taxable Build America Bonds—Direct Payment) (2009B Bonds, and, together the 2009 Bonds) on November 4, 2009 in the aggregate principal amount of \$86,235,000. Proceeds of the 2009 Bonds were used to finance a portion of the costs of acquiring, constructing, developing, equipping and improving the SCORE Facility, to capitalize interest during construction, and to pay costs of issuance for the 2009 Bonds.

Pursuant to the 2009 Interlocal Agreement and the ordinances of each city, each Owner City (which included the Cities of Auburn, Burien, Federal Way, Renton, SeaTac, and Tukwila) was obligated to budget for and pay its share, and only its share, of the principal of and interest on the 2009 Bonds as the same become due and payable (referred to as each Owner City’s 2009 Capital Contribution). Each Owner City’s obligation to pay its 2009 Capital Contribution is an irrevocable, unconditional full faith and credit obligation of such Owner City, payable from regular property taxes levied within the constitutional and statutory authority provided without a vote of the electors of the Owner City on all of the taxable property within the Owner City and other sources of revenues available therefor.

Subsequent Activities: Refunding of 2009 Bonds and Amendment and Restatement of Interlocal Agreement. Pursuant to the 2009 Interlocal Agreement, on September 5, 2018, the City of Federal Way gave its notice of intent to withdraw from SCORE effective December 31, 2019. The remaining Member Cities (including the cities of Auburn, Burien, Des Moines, Renton, SeaTac and Tukwila) entered into an Amended and Restated SCORE Interlocal Agreement (2019 Interlocal Agreement), which amended and restated the 2009 Interlocal Agreement in its entirety, removed Federal Way as a Member City and an Owner City, terminated the Host City Agreement, and made other revisions to provide for the issuance of bonds to refund the 2009 Bonds. On December 11, 2019, the Authority issued its Refunding Bonds, Series 2019 in the aggregate principal amount of \$51,055,000 (2019 Bonds). The 2019 Interlocal Agreement became effective on the date of issuance of the 2019 Bonds. Proceeds of the 2019 Bonds were used to defease and refund all of the outstanding 2009 Bonds.

Pursuant to the 2019 Interlocal Agreement and the ordinances of each city, each Owner City (including the Cities of Auburn, Burien, Des Moines, Renton, SeaTac, and Tukwila) is obligated to budget for and pay its share, and only its share, of the principal of and interest on the 2019 Bonds as the same become due and payable (referred to as each Owner City’s 2019 Capital Contribution). Each Owner City’s obligation to pay its 2019 Capital Contribution is an irrevocable, unconditional full faith and credit obligation of such Owner City, payable from regular property taxes levied within the constitutional and statutory authority provided without a vote of the electors of the Owner City on all of the taxable property within the Owner City and other sources of revenues available therefor.

The following is a summary of the debt service requirements for the 2019 Bonds:

Summary of Debt Service Requirements - Refunding Bonds, 2019 (Ref 2009A & 2009B)									
Debt Service Schedule				Debt Service Allocation to Owner Cities					
Year	Principal	Interest	Total	Auburn 34.94%	Burien 4.82%	Des Moines 6.02%	Renton 40.96%	SeaTac 3.62%	Tukwila 9.64%
2024	2,070,000	1,839,900	\$ 3,909,900	\$ 1,366,120	\$ 188,457	\$ 235,376	\$ 1,601,495	\$ 141,538	\$ 376,914
2025	2,155,000	1,757,100	3,912,100	1,366,889	188,563	235,508	1,602,396	141,618	377,126
2026	2,260,000	1,649,350	3,909,350	1,365,927	188,431	235,343	1,601,270	141,518	376,861
2027	2,375,000	1,536,350	3,911,350	1,366,626	188,527	235,463	1,602,089	141,591	377,054
2028	2,490,000	1,417,600	3,907,600	1,365,315	188,346	235,238	1,600,553	141,455	376,693
2029-2033	14,430,000	5,120,300	19,550,300	6,830,875	942,324	1,176,928	8,007,803	707,721	1,884,649
2034-2038	17,705,000	1,840,250	19,545,250	6,829,111	942,081	1,176,624	8,005,734	707,538	1,884,162
Totals	\$ 43,485,000	\$ 15,160,850	\$ 58,645,850	\$ 20,490,863	\$ 2,826,729	\$ 3,530,480	\$ 24,021,340	\$ 2,122,979	\$ 5,653,459

The City of Des Moines reports its share of equity interest in the Governmental Activities column within the Government-wide financial statements under non-current assets. The following summary of the Capital Contributions for the 2019 Bonds is condensed (unaudited) financial information reported as of December 31, 2023 in relation to SCORE:

South Correctional Entity (SCORE)					
Member City	2022 Percent of Equity	2022 Equity Balance	2023 Percent of Equity	2023 Apportionment	2023 Equity Balance
Auburn	41.48%	\$ 14,096,126	41.38%	\$ 1,218,714	\$ 15,314,840
Burien	5.39%	1,831,888	5.68%	268,275	2,100,163
Des Moines	5.02%	1,707,548	5.11%	181,695	1,889,243
Renton	32.11%	10,913,931	32.11%	970,291	11,884,222
SeaTac	8.27%	2,812,314	8.18%	214,728	3,027,042
Tukwila	7.73%	2,627,335	7.54%	163,548	2,790,883
Grand Totals	100.00%	\$ 33,989,142	100.00%	\$ 3,017,251	\$ 37,006,393

Complete financial statements for SCORE and SCORE PDA can be obtained at the following address:

SCORE
 ATTN: Finance Director
 20817 17th Avenue South
 Des Moines, WA 98198

Note 6 – Leases

During the year ended 2022, the City of Des Moines adopted guidance for the presentation and disclosure of leases, as required by the BARS manual. This requirement resulted in the addition of lease liabilities reported on the Schedule of Liabilities.

The City leases aquatic lands from the State of Washington. Quarterly rent payments are \$22,694.80 per quarter under a 30-year lease agreement that expires on June 30, 2041. Lease payments are subject to annual increases at the State’s discretion.

The City leases a building from Redondo Square GRF2 LLC for \$1802.50 per month until April 2024, and then \$1856.17 thereafter for use as a Police Substation that expires on March 31, 2025.

The City leases a postage machine from Pitney Bowes Inc. for \$151.91 per month under a 60-month agreement that expires on August 27, 2027.

The City leases a multi-function mail processing machine from Quadient Leasing for \$659.91 per month under a 60-month agreement that expires on August 19, 2025.

The total amount paid for leases in 2023 was \$138,819.96. As of December 31, 2023, the future lease payments are as follows:

Year ended December 31	Total
2024	\$ 122,634
2025	102,130
2026	92,602
2027	92,146
2028	90,779
2029-2033	453,896
2034-2038	453,896
2039-2043	204,253
Total	\$ 1,612,337

Note 7 – Long-term Debt

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the City and summarizes the City's debt transactions for year ended December 31, 2023.

The debt service requirement for general obligation bonds, public works loans, and installment purchases are as follows:

Year	Principal	Interest	Total
2024	864,708	1,713,481	2,578,189
2025	868,745	1,536,146	2,404,891
2026	877,915	1,501,943	2,379,858
2027	919,838	1,466,408	2,386,245
2028	956,761	1,429,127	2,385,888
2029 - 2033	4,193,686	6,568,810	10,762,496
2034 - 2038	5,250,841	5,504,492	10,755,333
2039 - 2043	5,310,000	4,292,125	9,602,125
2044 - 2048	6,770,000	2,825,875	9,595,875
2049 - 2053	6,770,000	911,399	7,681,399
Totals	\$ 32,782,493	\$ 27,749,806	\$ 43,255,025

Note 8 – Contingencies and Litigation

The City carries liability and property insurance through the Washington Cities Insurance Authority (WCIA). In the opinion of management, the City's insurance policies and self-insurance reserves are adequate to pay all material known or pending claims.

The City participates in a number of Federal and State assisted programs. These grants are subject to audit by the grantor or representative. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. However, City management believes that such disallowances, if any, will be immaterial.

State v Blake – In 2021, the Washington State Supreme Court held that the statute criminalizing drug possession is unconstitutional. The underlying RCW’s determined to be unconstitutional by the Blake decision date back to 1971. In addition to receiving a vacate of their criminal conviction, Blake requires all legal financial obligations (LFO’s) paid by an impacted individual tied to a Blake conviction be refunded. The Legislature has specified in a budget proviso that this amount includes collection costs. The city has been proactively reviewing potential Blake convictions.

The Legislature has appropriated funds to reimburse District and Municipal courts for the costs of processing the vacates and refunding of LFOs. Specifically, the Administrative Office of the Courts (AOC) will reimburse extraordinary judicial, prosecutorial, and defense related costs associated with vacating convictions applicable to the State v Blake decision. Additionally, AOC will reimburse District and Municipal Courts who have reimbursed or will reimburse LFOs to defendants whose convictions or sentences in Municipal Court are affected by the State v Blake decision. The Washington State Legislature has provided ample funding for the city to process vacations and refund LFOs on behalf of the state, including funding for FY 2023 and proviso language that suggests an ongoing state responsibility.

Note 9 - Construction & Other Contractual Commitments

The City of Des Moines had active construction projects as of December 31, 2023. The projects include street construction, utility construction and park facility construction contracts. There are also several consulting contracts. At year-end, the City’s contract commitments are as follows:

Project Number	Project Name	Total Contract	Total Spent to Date	Total Remaining
BDCIP0016	CITY HALL SUITE D SECURITY IMPROV	17,250.00	10,665.00	6,585.00
MACIP0001	MARINA DREDGING	40,892.00	11,011.25	29,880.75
MACIP0005	MARINA DOCK REPLACEMENT	597,804.00	506,622.39	91,181.61
MCCIP0005	FIELD HOUSE PLAY EQUIPMENT	23,724.00	1,739.41	21,984.59
MCCIP0006	CECIL POWELL PLAY EQUIPMENT	20,184.00	10,799.00	9,385.00
MCCIP0012 & MCCIP0017 & MCCIP0018	REDONDO FISHING PIER & REDONDO FSH PR BH/PLZ & REDONDO RESTROOM	649,806.18	642,140.19	7,665.99
MCCIP0021 & TRCIP0017	MARINA/BP PD PRKING & REDONDO PAID PARKING	605,905.41	280,916.30	324,989.11
MCCIP0027	DES MOINES MEMORIAL FLAG TRIANGLE	49,957.20	-	49,957.20
MCCIP0030	MARINA STEPS & PROMENADE	810,770.65	241,592.34	569,178.31
MCCIP0030	MARINA STEPS & PROMENADE	49,900.00	16,871.00	33,029.00
SWCIP0001	BARNES CREEK/KDM CULVERT	1,326,071.20	305,314.13	1,020,757.07
SWCIP0002 & TRCIP0010	24TH AV PIPELINE REPLACEMENT/UPGRADE & 24TH AV S IMPR - SEGMENT 2	7,019,272.55	143,527.83	6,875,744.72
SWCIP0002 & TRCIP0010	24TH AV PIPELINE REPLACEMENT/UPGRADE & 24TH AV S IMPR - SEGMENT 2	773,819.36	49,498.92	724,320.44
SWCIP0002 & TRCIP0010	24TH AV PIPELINE REPLACEMENT/UPGRADE & 24TH AV S IMPR - SEGMENT 2	65,889.91	32,322.91	33,567.00
SWCIP0004	DEEPDENE PLAT OUTFALL REPLACEMENT	78,933.00	70,802.97	8,130.03
SWCIP0015	DMMD/208TH - 212TH PIPE PROJECT	184,317.00	79,154.39	105,162.61
SWCIP0016	KDM/16TH AVENUE A PIPE REPL	204,483.92	137,772.75	66,711.17
SWCIP0021	216TH PL./ MARINE VIEW DR. PIPE UPG	121,525.00	62,147.15	59,377.85
SWCIP0024	DM CREEK ESTUARY RESTORATION	249,754.28	60,100.00	189,654.28
SWCIP0025	MASSEY CRK POCKET EST AND FISH PASS	201,816.84	56,722.53	145,094.31
TRCIP0003	ARTERIAL STREET PAVEMENT PRESERVATION	49,995.76	39,566.09	10,429.67
TRCIP0008	BARNES CREEK TRAIL	659,787.58	34,584.96	625,202.62
TRCIP0021	S 200TH ST. /S 199TH ST IMPR SEG 1	723,704.24	23,383.28	700,320.96
TRCIP0026	S 223RD STRT COMPLETE STREET IMPR	299,812.00	283,855.40	15,956.60
Total		14,825,376.08	3,101,110.19	11,724,265.89

Note 10 – Prior Period Adjustments

The financial statements reflect the following prior period adjustments made:

Explanation	Amount
Prior period adjustment to reverse December 2022 P-Card Payable Expenditures that were recognized as a 2022 prior period adjustment but should be recognized as a 2023 expenditure due to being paid after the 2022 20 day open period ended.	110,660.43
Prior period adjustment to recognize December 2022's payroll expenditures that had not been accrued but were paid within the 20 day open period.	(845,508.99)
Prior period adjustment to recognize AP expenditures paid in 2022's Accounts Payable 20 day open period that had originally been excluded.	(1,457,658.84)
Total Prior Period Adjustments	(2,192,507.40)

Note 11 – Extraordinary Events

The City was the victim of a phishing scheme where a payment of \$143,528, intended as payment to a legitimate vendor, was acquired through fraud by a third party in December 2023. The City discovered and reported the loss of funds in January 2024 and the funds were recovered by the City of Des Moines, WA Police Department in March 2024.

The City has subsequently strengthened our internal controls to prevent a loss of this nature from reoccurring.

Note 12 – Other Postemployment Benefits

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the City of Des Moines as required by RCW 41.26. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of December 31, 2023, the plan had four members, all retirees.

Fiscal Year 2023	
Number of Retired Plan Members	4
Benefits Paid	\$111,696
Total OPEB Liability*	\$1,836,676

** Measured using the alternative measurement method*

Note 13 – Pension Plans

A. State Sponsored Pension Plans

Substantially all the City's full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans:

- Public Employees' Retirement System (PERS)
- Public Safety Employees' Retirement System (PSERS)

Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF)

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information for each plan.

The DRS ACFR may be downloaded from the DRS website at www.drs.wa.gov.

LEOFF Plan 1

The City also participates in LEOFF Plan 1. The LEOFF Plan 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. Starting on July 1, 2000, employers and employees contribute zero percent.

LEOFF Plan 2

The City also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

At June 30, 2023, the City’s proportionate share of the collective net pension liabilities (assets), was as follows:

Pension Plan	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$ 400,067	0.05871%	\$ 1,340,192
PERS 2/3	\$ 655,535	0.074559%	\$ (3,055,937)
PSERS 2	\$ 10,821	0.021491%	\$ (22,789)
LEOFF 1	\$ -	0.014109%	\$ (418,759)
LEOFF 2	\$ 260,611	0.011546%	\$ (2,769,397)

Only the net pension liabilities are reported on the Schedule 09.

Note 14 – Property Tax

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed after the end of each month.

Property Tax Calendar	
January 1	Tax is levied and becomes an enforceable lien against the properties.
February 14	Tax bills are mailed
April 30	First of two equal installment payments are due
May 31	Assessed value of property established for next year's levy at 100 percent of market value.
October 31	Second installment is due

Property tax revenues are recognized when cash is received by the City. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The City's regular levy for the year 2023 was \$0.85096 per \$1,000 on an assessed valuation of \$6,438,867,879 for a total regular levy of \$5,480,627.

Washington State Constitution and Washington State law, RCW 84.55.010, limit the rate.

Note 15 – Risk Management

The City of Des Moines maintains insurance against most normal hazards except for unemployment, where it has elected to become self-insured.

The City of Des Moines is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 169 members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices, prior wrongful acts, and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

All Members are provided a separate cyber risk policy and premises pollution liability coverage group purchased by WCIA. The cyber risk policy provides coverage and separate limits for security & privacy, event management, and cyber extortion, with limits up to \$1 million and subject to member deductibles, sublimits, and a \$5 million pool aggregate. Premises pollution liability provides Members with a \$2 million incident limit and \$10 million pool aggregate subject to a \$100,000 per incident Member deductible.

Insurance for property, automobile physical damage, fidelity, inland marine, and equipment breakdown coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$1,000,000, for all perils other than flood and earthquake, and insured above that to \$400 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, and claims and

litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, reinsurance and other administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA’s assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day-to-day operations of WCIA.

	Self-Insurance		Unemployment Insurance	
	2023	2022	2023	2022
Claims liabilities at beginning of year	23,108	-	-	-
Claims expenses:				
Current year changes in estimates	(15,526)	23,108	(33,227)	(37,749)
Claims payments	-	-	49,365	37,749
Claims liabilities at end of year	<u>7,582</u>	<u>23,108</u>	<u>16,138</u>	<u>-</u>

Note 16 – SBITAs

During the year ended 2023, the City of Des Moines adopted guidance for the presentation and disclosure of Subscription Based Information Technology Arrangements, as required by the BARS manual. This requirement resulted in the addition of a subscription liability reported on the Schedule of Liabilities.

The City makes subscription payments of \$2,035.17 annually for Netwrix network and file auditing software. The SBITA contract is for 3 years, and expires on 3/28/2025.

The total amount paid for SBITAs in 2023 was \$2,035.17. As of December 31, 2023, the future lease payments are as follows:

Year ended December 31	Total
2024	\$ 2,035
2025	-
2026	-
2027	-
2028	-
2029-2033	-
2034-2038	-
2039-2043	-
Total	\$ 2,035

Note 17 – Subsequent Event

In April 2024, the City of Des Moines Council approved ordinances 1795 and 1796 related to increasing property taxes in excess of the limitations of RCW 84.55 to maintain and increase existing public safety service levels. Ordinance 1795 authorize the City to place these propositions before City of Des Moines voters in the August 2024 primary election. Should the ballot measure fail in August, the City Council has approved Ordinance 1796 to place the measure on the ballot in the November 2024 general election. If approved the City's maximum total regular levy rate for collection in 2025 will be \$1.40 per \$1,000 of assessed value, representing an increase of approximately \$0.50 over the 2024 levy rate. If voters approve the proposition, additional revenue is projected to be between \$2.6 and \$3 million.

**City of Des Moines
Schedule of Liabilities
For the Year Ended December 31, 2023**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	2023 LTGO Bonds	10/1/2053	-	24,505,000	-	24,505,000
251.11	2018 Limited GO Bonds & Refunding Bonds	12/1/2028	3,590,624	-	259,593	3,331,031
251.11	2018 Limited GO Bonds & Refunding Bonds	12/1/2038	2,469,376	-	370,407	2,098,969
263.85	SCORE - Host City Interlocal Agreement	1/1/2039	2,737,595	-	119,798	2,617,797
263.87	2004 PWTF Loan-Pac Hwy #2	7/1/2024	47,239	-	23,621	23,618
263.87	2009 PWTF Loan-DM Gateway	7/1/2028	191,176	-	31,862	159,314
263.51	De Lage Landen Barracuda Software Lease	9/3/2026	73,838	-	27,074	46,764
Total General Obligation Debt/Liabilities:			9,109,848	24,505,000	832,355	32,782,493
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences-Business Activities		214,555	412,896	246,717	380,734
259.12	Compensated Absences		1,819,864	2,134,015	1,630,242	2,323,637
264.30	Net Pension Obligation		1,733,909	1,340,192	1,733,909	1,340,192
264.40	OPEB Liability		1,847,829	100,543	111,696	1,836,676
263.57	Redondo PD Substation Lease	3/31/2025	49,154	-	21,473	27,681
263.57	Dept of Natural Resources - Marina Tidelands/Bedlands Lease	6/30/1941	1,462,286	211,262	107,606	1,565,942
263.57	Neopost West Postage Machine Lease	8/19/2025	19,797	-	7,919	11,878
263.57	Pitney Bowes Equipment Lease	8/27/2027	8,203	456	1,823	6,836
263.57	Netwrix Network & File Auditing Software	3/28/2025	4,070	-	2,035	2,035
Total Revenue and Other (non G.O.) Debt/Liabilities:			7,159,667	4,199,364	3,863,420	7,495,611
Total Liabilities:			16,269,515	28,704,364	4,695,775	40,278,104

2025-2029 GENERAL FUND - NO PROPERTY TAX LEVY LID LIFT								
	ANNUAL BUDGET 2024	PROJECTED ACTUALS 2024	FORECAST					
			2025	2026	2027	2028	2029	
BEGINNING FUND BALANCE	\$ 5,210,847	\$ 4,247,758	\$ 3,973,125	\$ 2,427,244	\$ 329,926	\$ (1,942,676)	\$ (4,163,862)	
Operating Revenues								
Taxes	18,888,676	18,381,153	18,534,557	19,029,303	19,599,050	20,147,998	20,784,741	
Licenses and Permits	315,000	318,000	338,250	338,250	338,250	338,250	338,250	
Intergovernmental	1,043,304	1,033,524	1,115,058	1,148,999	1,184,636	1,222,055	1,261,346	
Fees/Charges/Fines	2,390,594	2,084,307	2,072,450	2,072,450	1,972,450	1,972,450	1,972,450	
Other	3,982,178	4,666,864	2,121,942	2,229,505	2,329,314	2,429,036	2,536,279	
	<u>26,619,752</u>	<u>26,483,848</u>	<u>24,182,257</u>	<u>24,818,507</u>	<u>25,423,700</u>	<u>26,109,789</u>	<u>26,893,066</u>	
Operating Expenditures								
Policy and Support Services	6,962,913	6,771,977	6,843,988	7,058,824	7,163,451	7,316,210	7,471,144	
Public Safety Services	14,929,580	15,389,200	14,309,563	14,727,842	15,256,666	15,637,676	16,005,127	
Community Services	5,068,843	4,319,703	4,296,987	4,751,759	4,848,784	4,949,690	5,054,702	
Other	277,600	277,600	277,600	377,400	427,400	427,400	427,400	
	<u>27,238,936</u>	<u>26,758,480</u>	<u>25,728,138</u>	<u>26,915,825</u>	<u>27,696,302</u>	<u>28,330,976</u>	<u>28,958,374</u>	
** Net Activity ("Operating	(619,184)	(274,633)	(1,545,881)	(2,097,318)	(2,272,602)	(2,221,186)	(2,065,308)	
Change in Fund Balance	(619,184)	(274,633)	(1,545,881)	(2,097,318)	(2,272,602)	(2,221,186)	(2,065,308)	
ENDING FUND BALANCE	\$ 4,591,663	\$ 3,973,125	\$ 2,427,244	\$ 329,926	\$ (1,942,676)	\$ (4,163,862)	\$ (6,229,170)	
GFOA Target of 60 days (approx. 16.67%)	4,540,731	4,460,639	4,288,881	4,486,868	4,616,973	4,722,774	4,827,361	
Reserve (shortfall) surplus to GFOA Target	<u>50,933</u>	<u>(487,513)</u>	<u>(1,861,636)</u>	<u>(4,156,942)</u>	<u>(6,559,649)</u>	<u>(8,886,636)</u>	<u>(11,056,531)</u>	
Ending Reserve - % Total Operating Expenditures	16.86%	14.85%	9.43%	1.23%	-7.01%	-14.70%	-21.51%	

2025-2029 GENERAL FUND - WITH PROPERTY TAX LEVY LID LIFT								
	ANNUAL BUDGET 2024	PROJECTED ACTUALS 2024	FORECAST					
			2025	2026	2027	2028	2029	
BEGINNING FUND BALANCE	\$ 5,210,847	\$ 4,247,758	\$ 3,973,275	\$ 2,934,788	\$ 1,415,722	\$ (324,044)	\$ (2,059,880)	
Operating Revenues								
Taxes	18,888,676	18,381,153	21,556,951	22,081,921	22,682,194	23,261,974	23,929,856	
Licenses and Permits	315,000	318,000	338,250	338,250	338,250	338,250	338,250	
Intergovernmental	1,043,304	1,033,524	1,115,058	1,148,999	1,184,636	1,222,055	1,261,346	
Fees/Charges/Fines	2,390,594	2,084,457	2,072,450	2,072,450	1,972,450	1,972,450	1,972,450	
Other	3,982,178	4,666,864	2,121,942	2,229,505	2,329,314	2,429,036	2,536,279	
	<u>26,619,752</u>	<u>26,483,998</u>	<u>27,204,651</u>	<u>27,871,125</u>	<u>28,506,844</u>	<u>29,223,765</u>	<u>30,038,181</u>	
Operating Expenditures								
Policy and Support Services	6,962,913	6,771,977	6,843,988	7,058,824	7,163,451	7,316,210	7,471,144	
Public Safety Services	14,929,580	15,389,200	16,824,563	17,191,402	17,796,169	18,255,494	18,703,708	
Community Services	5,068,843	4,319,703	4,296,987	4,762,565	4,859,590	4,960,496	5,065,508	
Other	277,600	277,600	277,600	377,400	427,400	427,400	427,400	
	<u>27,238,936</u>	<u>26,758,480</u>	<u>28,243,138</u>	<u>29,390,191</u>	<u>30,246,611</u>	<u>30,959,600</u>	<u>31,667,761</u>	
** Net Activity ("Operating	(619,184)	(274,483)	(1,038,487)	(1,519,066)	(1,739,767)	(1,735,835)	(1,629,580)	
Change in Fund Balance	(619,184)	(274,483)	(1,038,487)	(1,519,066)	(1,739,767)	(1,735,835)	(1,629,580)	
ENDING FUND BALANCE	\$ 4,591,663	\$ 3,973,275	\$ 2,934,788	\$ 1,415,722	\$ (324,044)	\$ (2,059,880)	\$ (3,689,459)	
GFOA Target of 60 days (approx. 16.67%)	4,540,731	4,460,639	4,708,131	4,899,345	5,042,110	5,160,965	5,279,016	
Reserve (shortfall) surplus to GFOA Target	<u>50,933</u>	<u>(487,363)</u>	<u>(1,773,343)</u>	<u>(3,483,623)</u>	<u>(5,366,154)</u>	<u>(7,220,845)</u>	<u>(8,968,475)</u>	
Ending Reserve - % Total Operating Expenditures	16.86%	14.85%	10.39%	4.82%	-1.07%	-6.65%	-11.65%	

Forecast Assumptions

- Sales tax revenue growth:

2025	1%
2026	1%
2027	2%
2028	2%
2029	3%

- Property tax revenue growth at 1%.
- 1% annual decreases in utility taxes for telephone and cable tv
- Revenue from Sound Transit to end in 2024.
- Salary and Benefits for represented employees increase annually at a 4% rate
- Salary and Benefits for non-represented employees increase annually at a 2% rate

	RETAIN	Cost	2024 Funding
Lost Funding	2 ARPA Officers	430,000	ARPA
Lost Funding	ARPA Crisis Response Specialist	135,000	ARPA
		565,000	
	ADD		
Increased Costs	4 Patrol Officers	860,000	
Increased Costs	Code Enforcmenet Officer	140,000	
Increased Costs	Court Staff	200,000	
Increased Costs	Capital Needs	200,000	
		1,400,000	
	OTHER		
	SCORE Jail Costs	300,000	(budgeted at \$750K in 2024 but actual = \$1M)
	2 Patrol Officers	430,000	General Fund
	LT Crime Analyst	120,000	General Fund
		850,000	
	Total	2,815,000	
	Increase in costs	1,400,000	
	Loss of ARPA funds	565,000	
	Budget GAP	850,000	
		2,815,000	

Bridging the Budget Gap

Raising Revenue

- 1) Review Parks, Recreation, and Senior Services program fees
- 2) Review possibility of raising B+O Tax Rates and Business License fees

Reducing Expenditures

- 1) Freeze Vacancies
- 2) Review Ongoing Long-term Extra Hires
- 3) Review Professional Services contracts
- 4) Restructure Departments for Efficiencies

Agenda Item #6

General Fund Summary of Sources and Uses	April 2024			2024 YTD Budget vs Actual		2024
	Amended Budget	YTD Budget	YTD Actual	Amount	Percentage	Remaining Budget
Operating Revenues						
Property Tax	\$ 5,639,570	\$ 1,879,857	\$ 2,198,049	\$ 318,193	17%	\$ 3,441,521
Utility Tax	4,459,106	1,486,369	1,663,331	176,962	12%	2,795,775
Sales Tax	4,325,000	1,441,667	1,270,890	(170,777)	-12%	3,054,110
B+O Tax	1,440,000	480,000	652,228	172,228	36%	787,772
Franchise Fees	1,450,000	483,333	525,048	41,715	9%	924,952
Criminal Justice Tax	1,300,000	433,333	379,230	(54,103)	-12%	920,770
Gambling Tax	35,000	11,667	4,609	(7,058)	-60%	30,391
Leasehold Tax	240,000	80,000	60,346	(19,654)	-25%	179,654
Taxes Subtotal	\$ 18,888,676	\$ 6,296,225	\$ 6,753,731	\$ 457,506	7%	\$ 12,134,945
Business Licenses and Permits	300,000	100,000	162,833	62,833	63%	137,167
Other Licenses and Permits	15,000	5,000	6,006	1,006	20%	8,994
Intergovernmental (Grants, etc.)	1,043,304	347,768	401,568	53,800	15%	641,736
Charges for Services:						
General Government Services	212,944	70,981	66,312	(4,670)	-7%	146,632
Court	103,300	34,433	35,590	1,156	3%	67,710
Public Safety	83,300	27,767	28,848	1,081	4%	54,452
Culture and Recreation	438,900	146,300	176,693	30,393	21%	262,207
Red Light Running Infractions	1,200,000	400,000	352,608	(47,392)	-12%	847,392
Other fees and penalties	352,150	117,383	28,182	(89,202)	-76%	323,968
Fees/Charges/Fines Subtotal	\$ 3,748,898	\$ 1,249,633	\$ 1,258,639	\$ 9,006	1%	\$ 2,490,259
Interest Income	106,000	35,333	25,740	(9,594)	-27%	80,260
Rentals and Leases	511,570	170,523	160,123	(10,401)	-6%	351,447
Contributions and Donations	24,000	8,000	1,367	(6,633)	-83%	22,633
Miscellaneous	30,700	10,233	70,114	59,881	585%	(39,414)
Interfund Charges	1,459,291	486,430	461,018	(25,412)	-5%	998,273
Transfers In						
Fund 114 (ARPA Fund)	1,850,617	616,872	570,573	(46,299)	-8%	1,280,044
Other Revenues Subtotal	\$ 3,982,178	\$ 1,327,393	\$ 1,288,936	\$ (38,457)	-3%	\$ 2,693,242
Total Operating Revenues	\$ 26,619,752	\$ 8,873,251	\$ 9,301,305	\$ 428,055	5%	\$ 17,318,447
Operating Expenditures						
City Council	\$ 95,981	\$ 31,994	\$ 40,569	8,575	27%	55,412
City Manager/Administration	1,255,148	418,383	519,907	101,524	24%	735,241
City Clerk	854,703	284,901	235,380	(49,521)	-17%	619,323
Human Resources	407,370	135,790	71,776	(64,014)	-47%	335,595
Finance	1,334,670	444,890	401,280	(43,610)	-10%	933,390
Technology Services	1,618,534	539,511	542,489	2,977	1%	1,076,045
City Attorney	889,357	296,452	185,119	(111,333)	-38%	704,237
Municipal Court	1,735,021	578,340	460,973	(117,367)	-20%	1,274,048
Public Safety - Business Office	1,061,350	353,783	402,642	48,859	14%	658,708
Police	12,133,208	4,044,403	3,691,674	(352,729)	-9%	8,441,535
Community Events and Services	5,575,993	1,858,664	1,297,280	(561,384)	-30%	4,278,713
Transfers Out						
Fund 208 (2018 LTGO Bonds)	226,600	75,533	75,533	0	0%	151,067
Fund 506 (Facility Repair and Replacement)	51,000	17,000	17,000	-	0%	34,000
Total Operating Expenditures	\$ 27,238,936	\$ 9,079,645	\$ 7,941,622	\$ (1,138,023)	-13%	\$ 19,297,313
Total Operating Income (Loss)	\$ (619,184)	\$ (206,395)	\$ 1,359,683	\$ 1,566,078		

**April is month 4 of 12 = 33.3%

BEGINNING FUND BALANCE	<u>4,247,758</u>	
ENDING FUND BALANCE	<u>5,607,441</u>	23.5%
16.67% Minimum Ending Fund Balance	<u>3,971,605</u>	

SALES TAX SUMMARY
May 2024 (March 2024 Sales)

NAICS	CONSTRUCTION	23 TOTAL	23 YTD	24 YTD	YTD % Diff
236	Construction of Buildings	714,343	262,196	136,722	-47.9%
237	Heavy & Civil Construction	50,465	27,360	16,335	-40.3%
238	Specialty Trade Contractors	360,010	113,713	129,463	13.9%
TOTAL CONSTRUCTION		\$ 1,124,818	\$ 403,270	\$ 282,520	-29.9%
<i>Overall Construction Change from Previous Year</i>					
				\$ (120,750)	
NAICS	MANUFACTURING	23 TOTAL	23 YTD	24 YTD	YTD % Diff
311	Food Manufacturing	\$ 1,607	\$ 751	\$ 404	-46.3%
312	Beverage & Tobacco Products	2,444	1,064	905	-15.0%
313	Textile Mills	244	161	105	-34.6%
314	Textile Product Mills	207	145	128	-11.8%
315	Apparel Manufacturing	310	148	150	1.3%
316	Leather & Allied Products	365	111	160	44.4%
321	Wood Product Manufacturing	2,141	453	3,762	730.4%
322	Paper Manufacturing	460	262	73	-72.0%
323	Printing & Related Support	4,336	1,530	2,033	32.9%
324	Petroleum & Coal Products	41	1	8	503.9%
325	Chemical Manufacturing	1,254	512	616	20.4%
326	Plastic & Rubber Products	384	34	166	388.4%
327	Nonmetallic Mineral Products	4,380	1,732	1,546	-10.8%
331	Primary Metal Manufacturing	25	(4)	-	-100.0%
332	Fabricated Metal Mfg Products	6,380	3,525	702	-80.1%
333	Machinery Manufacturing	854	194	380	95.5%
334	Computer & Electronic Products	3,309	1,036	912	-12.0%
335	Electric Equipment, Appliances	790	34	194	472.4%
336	Transportation Equipment Mfg	16,069	4,192	5,935	41.6%
337	Furniture & Related Products	4,229	1,022	2,497	144.3%
339	Miscellaneous Manufacturing	4,628	1,539	2,008	30.5%
TOTAL MANUFACTURING		\$ 54,458	\$ 18,442	\$ 22,685	23.0%
<i>Overall Manufacturing Change from Previous Year</i>					
				\$ 4,243	
NAICS	TRANSPORTATION & WAREHOUSING	23 TOTAL	23 YTD	24 YTD	YTD % Diff
481	Air Transportation	\$ -	\$ -	\$ -	-
482	Rail Transportation	5	2	1	-50.0%
483	Water Transportation	-	-	-	-
484	Truck Transportation	6,501	3,209	2,990	-6.8%
485	Transit and Ground Passengers	-	-	-	-
487	Scenic and Sightseeing Trans	669	669	-	-100.0%
488	Transportation Support	2,121	999	1,165	16.6%
491	Postal Services	115	47	47	-0.3%
492	Couriers & Messengers	23,390	9,596	11,470	19.5%
493	Warehousing & Storage	1,143	98	291	197.5%
TOTAL TRANSP & WHSNG		\$ 33,944	\$ 14,621	\$ 15,965	9.2%
<i>Overall Transportation Change from Previous Year</i>					
				\$ 1,344	
NAICS	WHOLESALE TRADE	23 TOTAL	23 YTD	24 YTD	YTD % Diff
423	Whls Trade-Durable Goods	\$ 162,845	\$ 72,492	\$ 57,956	-20.1%
424	Whls Trade-Nondurable Goods	52,346	19,774	23,166	17.2%
425	Wholesale Electronic Markets	796	332	616	85.3%
WHOLESALE TRADE TOTAL		\$ 215,987	\$ 92,599	\$ 81,738	-11.7%
<i>Overall Wholesale Change from Previous Year</i>					
				\$ (10,860)	

NAICS	AUTOMOTIVE	23 TOTAL	23 YTD	24 YTD	YTD % Diff
441	Motor Vehicle & Parts Dealer	\$ 102,216	\$ 58,659	\$ 80,091	36.5%
447	Gasoline Stations	-	-	-	-
TOTAL AUTOMOTIVE		\$ 102,216	\$ 58,659	\$ 80,091	36.5%
<i>Overall Automotive Change from Previous Year</i>					
				\$ 21,432	
NAICS	RETAIL TRADE	23 TOTAL	23 YTD	24 YTD	YTD % Diff
442	Furniture & Home Furnishings	\$ -	\$ -	\$ -	-
443	Electronics & Appliances	-	-	-	-
444	Building Material & Garden	53,538	24,494	22,613	-7.7%
445	Food & Beverage Stores	171,323	68,726	72,707	5.8%
446	Health & Personal Care	-	-	-	-
448	Clothing & Accessories	-	-	-	-
449	Furniture, Home Furnishings, Electronics, and Appliances	215,111	63,185	67,427	6.7%
451	Sporting Goods, Hobby, Books	-	-	-	-
452	General Merchandise Stores	-	-	-	-
453	Miscellaneous Store Retailers	-	-	-	-
454	Nonstore Retailers	-	-	-	-
455	General Merchandise Retailers	57,547	23,333	25,959	11.3%
456	Health and Personal Care Retailers	155,417	95,981	27,860	-71.0%
457	Gasoline Stations and Fuel Dealers	66,686	28,011	24,676	-11.9%
458	Clothing, Clothing Accessories, Shoe and Jewelry Retailers	51,776	23,407	22,551	-3.7%
459	Sporting Goods, Hobby, Musical Instrument, Book and Misc	622,518	234,739	284,694	21.3%
TOTAL RETAIL TRADE		\$ 1,393,916	\$ 561,876	\$ 548,487	-2.4%
<i>Overall General Retail Change from Previous Year</i>					
				\$ (13,389)	
NAICS	SERVICES	23 TOTAL	23 YTD	24 YTD	YTD % Diff
51*	Information	\$ 189,478	\$ 77,021	\$ 95,963	24.6%
52*	Finance & Insurance	23,393	9,339	10,307	10.4%
53*	Real Estate, Rental, Leasing	69,057	18,910	19,696	4.2%
541	Professional, Scientific, Tech	84,983	28,630	36,027	25.8%
551	Company Management	817	119	585	391.5%
56*	Admin, Supp, Remed Svcs	251,426	98,985	112,077	13.2%
611	Educational Services	16,075	5,561	6,734	21.1%
62*	Health Care Social Assistance	6,030	1,651	2,945	78.5%
71*	Arts & Entertainment	32,618	12,393	12,494	0.8%
72*	Accommodation & Food Svcs	415,966	160,525	160,083	-0.3%
81*	Other Services	117,907	46,828	63,709	36.0%
92*	Public Administration	867	156	233	49.9%
TOTAL SERVICES		\$ 1,208,618	\$ 460,118	\$ 520,852	13.2%
<i>Overall Services Change from Previous Year</i>					
				\$ 60,734	
NAICS	MISCELLANEOUS	23 TOTAL	23 YTD	24 YTD	YTD % Diff
000	Unknown	\$ -	\$ -	\$ -	-
111-115	Agriculture, Forestry, Fishing	947	222	141	-36.3%
211-221	Mining & Utilities	1,052	273	7,915	2798.9%
999	Unclassifiable Establishments	142,767	56,824	51,292	-9.7%
MISCELLANEOUS TOTAL		\$ 144,766	\$ 57,319	\$ 59,349	3.5%
<i>Overall Miscellaneous Change from Previous Year</i>					
				\$ 2,030	
GRAND TOTALS		\$ 4,278,723	\$ 1,666,903	\$ 1,611,686	-3.1%
<i>Grand Total Change from Previous Year to Date</i>					
				\$ (55,217)	

Taxable sales limped along in the 2nd half of 2023. Construction sales growth has declined significantly.



King County Taxable Sales Growth

YOY growth rates of taxable sales for select sectors
Source: WA DOR, KC OEFA

