

MEMORANDUM

To: Mabton Mayor and City Council
 From: Jamison Horner, Financial Consultant
 CC: Residents of Mabton
 Date: October 22, 2024 / November 2024
 Re: Explanation of Budget for Fiscal Year 2024

Initial Assumptions

In preparation for the 2024 Operating Budget for the City of Mabton, the years 2021, 2022, and 2023 were reviewed and averaged with an assumed inflationary increase of 5% (average CPI for January to January for the last three years is 5.6%). These numbers were compared and reviewed against the year-to-date revenue and expenditure totals, and refined to ensure that actual amounts received or spent did not exceed the budget amounts. The data was reviewed for anomalies, which were researched and corrected with the information available at this time.

Below is a snapshot of the actual revenues and expenditures currently reported in the City's financial program for fiscal years 2021, 2022, and 2023 and the proposed budget for 2024.

Revenue and Expenditure Comparison by Fund: 2021 through 2024 Budget						
Fund		2021	2022	2023		2024
001 General Fund	Actual Revenues	\$1,300,734.24	\$1,056,454.08	\$586,030.55	Proposed Revenues	\$1,341,400.00
	Actual Expenditures	\$818,058.55	\$910,915.51	\$1,436,993.26	Proposed Expenditures	\$1,437,140.00
021 Criminal Justice (Sub-fund of General)	Actual Revenues	\$129,072.84	\$103,165.58	\$89,806.60	Proposed Revenues	\$149,160.00
	Actual Expenditures	\$116,786.79	\$84,485.65	\$100,253.65	Proposed Expenditures	\$107,330.00
102 Cemetery	Actual Revenues	\$112,320.02	\$38,485.00	\$32,685.94	Proposed Revenues	\$13,800.00
	Actual Expenditures	\$109,263.17	\$79,193.01	\$132,998.06	Proposed Expenditures	\$150,180.00
103 City Streets	Actual Revenues	\$309,067.17	\$419,001.28	\$756,843.83	Proposed Revenues	\$2,472,280.00
	Actual Expenditures	\$450,975.92	\$158,321.79	\$479,842.52	Proposed Expenditures	\$2,457,010.00
113 Capital Improvements Fund	Actual Revenues	\$15,943.43	\$99,582.92	\$13,691.22	Proposed Revenues	\$13,150.00
	Actual Expenditures	\$0.00	\$0.00	\$0.00	Proposed Expenditures	\$0.00
115 Ems Fund	Actual Revenues	\$26,163.48	\$15,907.10	\$23,659.09	Proposed Revenues	\$24,030.00
	Actual Expenditures	\$13,220.80	\$16,407.94	\$27,643.88	Proposed Expenditures	\$29,650.00
401 Water	Actual Revenues	\$758,972.04	\$757,890.92	\$792,004.41	Proposed Revenues	\$1,083,580.00
	Actual Expenditures	\$845,184.74	\$861,085.22	\$812,748.54	Proposed Expenditures	\$1,296,470.00
402 Sewer	Actual Revenues	\$633,383.76	\$638,321.24	\$668,313.30	Proposed Revenues	\$664,780.00
	Actual Expenditures	\$612,581.82	\$565,388.89	\$430,371.47	Proposed Expenditures	\$581,310.00
404 Garbage	Actual Revenues	\$270,167.47	\$270,987.33	\$178,257.97	Proposed Revenues	\$290,550.00
	Actual Expenditures	\$257,128.49	\$269,828.34	\$254,222.17	Proposed Expenditures	\$318,750.00
501 Equipment Replacement Fund	Actual Revenues	\$38,000.00	\$0.00	\$0.00	Proposed Revenues	\$0.00
	Actual Expenditures	\$1,000.00	\$0.00	\$0.00	Proposed Expenditures	\$0.00
631 Custodial Fund	Actual Revenues	\$20,776.07	\$9,318.27	\$401.95	Proposed Revenues	\$1,170.00
	Actual Expenditures	\$20,675.07	\$6,194.36	\$3,856.25	Proposed Expenditures	\$7,150.00
701 Cemetery Perpetual Care	Actual Revenues	\$21,404.65	\$74.90	\$237.30	Proposed Revenues	\$110.00
	Actual Expenditures	\$0.00	\$0.00	\$0.00	Proposed Expenditures	\$0.00

Concerns and Limitations

The following are concerns and/or limitations with the accuracy of the financial data used to prepare the budget:

- Unreconciled financial information for 2022 through 2024 year to date, unverified transactional data that will likely be adjusted as the audit and reconciliation processes move forward.
- No Annual Reports filed to the Washington State Auditors Office for 2022 and 2023
- Significant decrease in revenues, reasons yet to be determined, for the following funds:
 - o General Fund – Decline in utility tax and franchise fees
 - \$401k received in 2021
 - \$331k received in 2022, decrease of 17% of 2021 revenue
 - \$122k received in 2023, decrease of additional 53% of 2021 revenue for a total decrease of 70% of the total revenue received in 2021
 - \$80k received year to date in 2024
 - o Cemetery Fund – Reduction in revenues for goods and services
 - \$71k received in 2021
 - \$38k received in 2022, decrease of 46% of 2021 revenue
 - \$25k received in 2023, decrease of additional 19% of 2021 revenue for a total decrease of 64% of the total revenue received in 2021
 - \$12,050 received year to date in 2024

Council Action Recommendation

Council may discuss the provided information, keeping in mind the timeframe for making any policy changes that can impact the 2024 budget is extremely limited based on the time of the year. It is recommended that the Council approve the budget provided in order to authorize appropriations for fiscal year 2024 so that payments made to date and through the end of the year will be lawful. Once passed, the budget can be amended any time prior to the end of the year as information becomes more reliable throughout the audit and reconciliation processes.