

# 2023 Annual Financial Status Report



The Financial Status Report provides a summary budget-to-actual comparison of revenues and expenditures for the City’s general operating funds (General Fund and Street Fund). Information for the same YTD period from prior years is also shown in some tables.

The last page shows information on Citywide vacancies and capital funds.

	2023 Budget	2023 Year-to-date
Revenues	\$ 61,637,084	\$ 62,932,004
Expenditures	60,442,569	52,514,957
Capital Transfers	6,105,000	6,105,000
Net Revenues Less Expenditures	\$ (4,910,485)	\$ 4,312,047
Beginning Fund Balance	\$ 44,775,689	\$ 49,495,656
Ending Fund Balance (EFB)	\$ 39,865,204	\$ 53,807,703
<b>Strategic Operating Reserves*</b>	<b>\$ 15,110,642</b>	

General Fund includes the Street Fund

\*The Strategic Operating Reserve is equal to 25% of the annual GF budgeted expenditures, excl transfers.

## Overall highlights

For the year, the City’s operating revenues exceeded budget by \$1.3 million or 2.1%, and expenditures were \$7.9 million or 13.1% below budget.

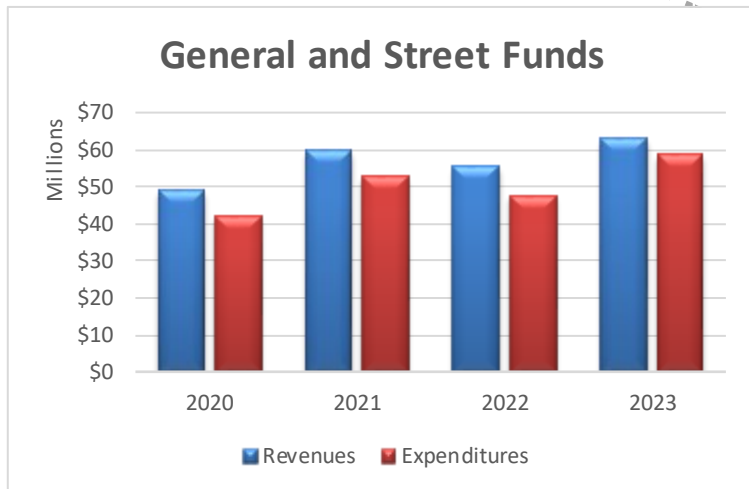
Revenues are budgeted conservatively. Property taxes, the amount of state shared criminal justice sales tax and investment interest contributed to the positive budget to actual variance.

Position vacancies and new hires coming in at lower steps with smaller families than those previously in positions contributed to roughly \$2 million of the underspend in the General Fund.

Additionally, many of the dollars budgeted within services, remain to be spent, however, since the City has a biennial budget, these unspent 2023 budget dollars may be spent in 2024.

The beginning fund balance for 2023 was substantially above budget as revenues in 2022 were higher than budget and 2022 expenditures were lower than budgeted.

\*City Council changed the strategic operating reserve to 25% of annual expenditures in 2023.



Revenues in the graph above include the following non-typical items:

2020 includes \$3.0 million in revenue for Covid-19

2021 includes \$9.7 million transfer from the Street Fund Balance

2023 includes \$4.6 million from ARPA in revenues

# Revenues

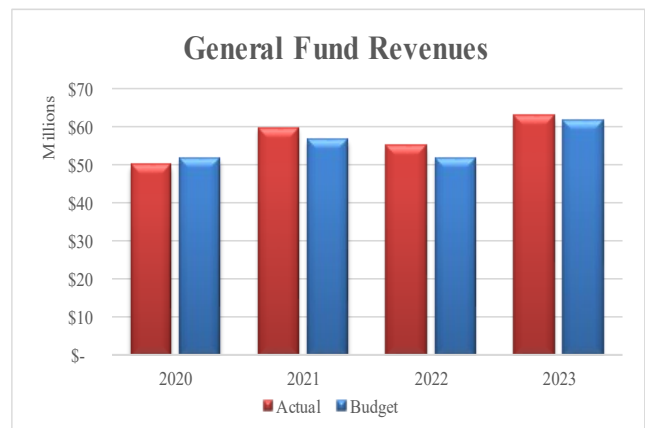
Historical YTD Through 4th Quarter Actual Revenues					Budget
	2020	2021	2022	2023	2023
Property Tax	\$ 30,110,090	\$ 31,944,319	\$ 33,909,110	\$ 34,367,939	\$ 33,800,000
Sales Tax	8,241,118	9,526,605	10,186,936	10,144,273	9,357,000
Other Tax	3,019	5,569	5,595	6,329	2,000
<i>Other Revenues</i>					
Licenses and Permits	2,298,298	1,831,215	3,009,990	2,698,317	2,653,500
Intergovernmental	5,631,238	3,041,828	3,152,199	4,688,222	4,818,535
Charges for Service	2,378,465	2,643,741	3,399,473	3,148,079	3,668,083
Fines & Forfeits	187,686	111,718	154,462	136,747	410,000
Miscellaneous	1,810,437	909,440	1,619,195	7,742,098	6,927,966
<b>Total Revenues</b>	<b>\$ 50,660,351</b>	<b>\$ 50,039,435</b>	<b>\$ 55,436,960</b>	<b>\$ 62,932,004</b>	<b>\$ 61,637,084</b>

*General Fund includes the Street Fund*

## Highlights for Operating Revenues

**Annual revenues** exceeded budget primarily due to higher property tax collections, higher state-shared criminal justice sales tax and higher interest income.

- ◆ **Sales tax revenues**, including both retail sales tax and the City's share of criminal justice sales tax, exceeded the budget by 6% and 18%, respectively and both were comparable to 2022 levels.
- **Licenses & Permits and Charges for Services** categories had some re-classifications in 2022, so comparisons to the budget and prior years, should be done as one group. For 2023 these categories of revenue were 8% below budget and 9% below 2022 levels.
- **Intergovernmental revenue** includes a \$1.6 million US DOT grant for 228th Ave. on both the budget and actual side for 2023. This category was in line with budget and exceeded 2022 levels primarily due to this grant.
- **Miscellaneous revenues** include \$4.6 million transferred in from ARPA in 2023 in both the budget and actual YTD revenues. Additionally, this revenue category exceeded budget due to the receipt of \$0.6 million more investment interest income than budgeted.



*Note: 2021 budget and actual include the Street fund balance transfer into the General Fund*

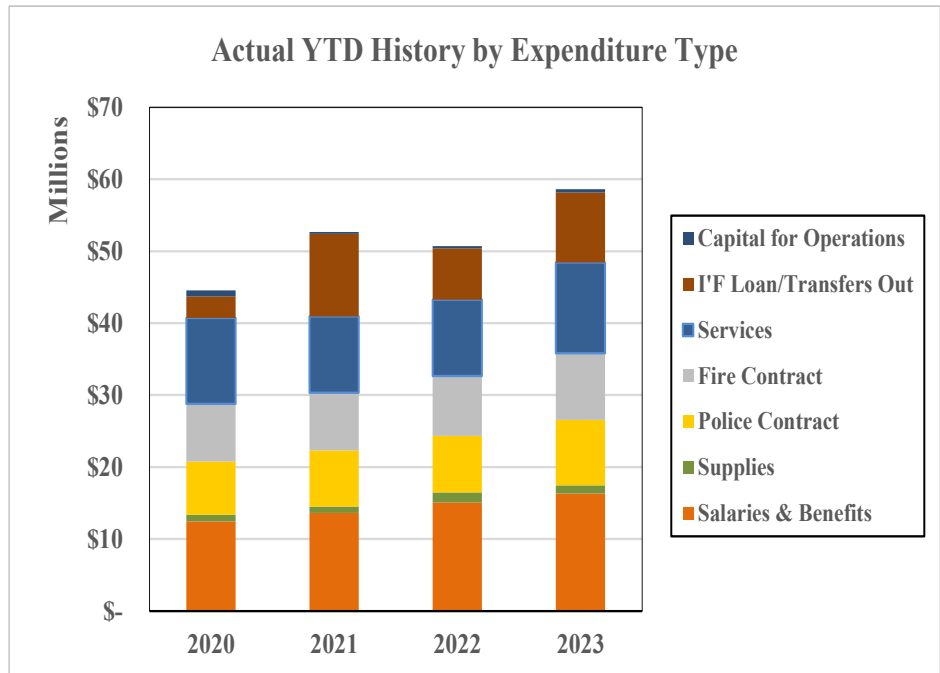
# Expenditures

Historical YTD Through 4th Quarter Actual Expenditures by Type					Budget
	2020	2021	2022	2023	2023
Salaries & Benefits	\$12,460,246	\$13,633,528	\$15,089,737	\$16,323,880	\$ 18,362,850
Supplies	897,951	857,310	1,361,436	1,142,026	1,353,060
Police Contract	7,432,424	7,834,617	7,867,704	9,106,455	10,283,000
Fire Contract	8,002,512	8,030,392	8,357,694	9,227,890	9,251,676
Services	11,916,470	10,599,669	10,593,278	12,647,702	16,598,500
I/F Loan/Transfers Out	3,017,964	11,434,555	7,118,768	9,705,383	9,705,383
Capital for Operations	806,227	303,526	328,376	466,621	600,100
<b>Total Expenditures</b>	<b>\$44,533,794</b>	<b>\$52,693,597</b>	<b>\$50,716,992</b>	<b>\$58,619,957</b>	<b>\$ 66,154,569</b>

*General Fund includes the Street Fund*

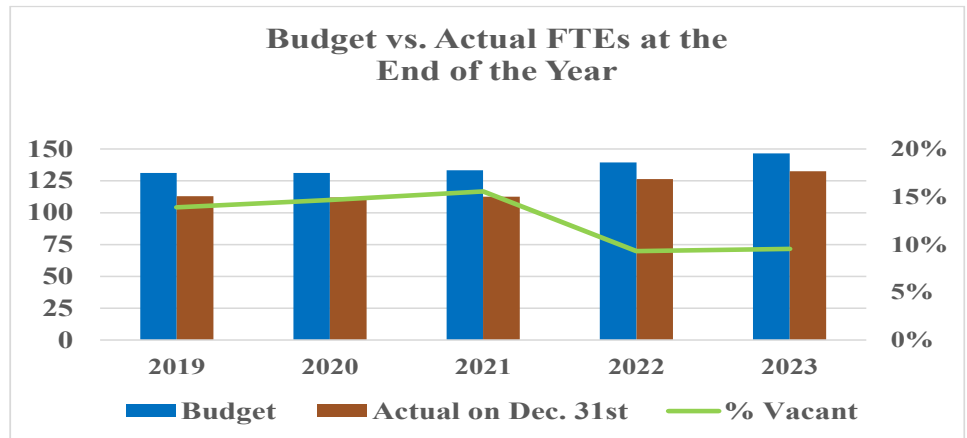
## Highlights for Operating Expenditures:

- **Salaries & benefits** finished the year at 89% of the annual budget. Expenditures in this category were \$1.2 million higher than 2022 due to fewer vacancies, higher medical costs, step and COLA increases.
- **Police Contract** expenditures finished the year at 89% of the annual budget due to the reconciliation of unfilled positions and a lower than initially budgeted annual percent increase. These expenditures were \$1.2 million higher than in 2022.
- **Fire Contract** expenditures finished the year right on budget and were 10% higher than last year.
- **Services expenditures** were only 76% of the annual budget and more information by account number is available in the December FMR. These expenditures were \$2 million higher than 2022.
- **Interfund Transfers** are to the internal service funds paying for items like information technology services, fleet maintenance and replacement to the equipment rental fund, citywide insurance through the risk management fund and transfers to capital funds as budgeted.



## Personnel Vacancy Information

The 2023 budget includes 146.5 full time equivalents (FTEs) and on December 31, 2023 there were 132.5 FTEs employed at the City, representing a vacancy rate of 10%. Additional headcount data is available in the monthly Financial Management Report (FMR).



Citywide FTE's	2019	2020	2021	2022	2023
Budget	131.25	131.25	133.25	139.50	146.50
Actual on Dec. 31st	113.00	112.00	112.50	126.50	132.50
# Vacant	18.25	19.25	20.75	13.00	14.00
% Vacant	14%	15%	16%	9%	10%

## Capital Project Funds

The annual capital budget for the four capital funds was \$43.7 million, with the largest amounts budgeted in the general government and parks capital funds. At the end of the year only \$7.3 million was spent. Detailed spending by individual project is available in the FMR

Here's some information on the larger capital projects in the budget:

**General Government Capital Fund** - had an \$11.4 million budget and spent \$3.7 million. The majority of the underspent funds are related to Fire Station #82 and the money is expected to be spent by the end of 2024.

**Parks Capital Fund** - had a \$21.8 million budget and only spent \$2.3 million. The majority of the budget was for Inglewood Middle School artificial turf installation and other field/track improvements and work on this project is continuing into 2024.

**Transportation Capital Fund** - had a \$3.7 million budget and had negative spending for the year. This occurred because the City was reimbursed by outside utility companies in 2023 for work that was paid for in prior years on the Issaquah-Fall City Road project.

**Surface Water Capital Fund**—had a budget of \$4.3 million and spent \$0.8 million. The biggest project was for the George Davis Creek project and only 30% of the annual budget was spent.