

Financial Status Report 2022



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.

The last page shows Citywide FTE vacancy information and a summary of the American Rescue Plan Act (ARPA) Fund.

| | 2022 Budget | 2022 Year-to-date |
|--------------------------------------|---------------------|----------------------|
| Revenues | \$ 51,811,616 | \$ 55,436,960 |
| Expenditures | 51,680,114 | 47,366,992 |
| Capital Transfers | 3,350,000 | 3,350,000 |
| Net Revenues Less Expenditures | \$ (3,218,498) | \$ 4,719,967 |
| Beginning Fund Balance | \$ 32,458,406 | \$ 44,775,689 |
| Ending Fund Balance (EFB) | \$ 29,239,908 | \$ 49,495,656 |
| Strategic Operating Reserves* | \$ 5,181,162 | |

General Fund includes the Street Fund

Overall highlights

For the year, the City’s revenues were \$3.6 million higher than the budget and exceeded expenditures and capital transfers by \$4.7 million. This was \$7.9 million better than budgeted and increased the ending fund balance by \$4.7 million.

Revenues are budgeted conservatively. Tax revenues finished the year at \$2.4 million higher than budget, combined Licenses, Permits and Charges for Services finished the year \$1.8 million over budget and Miscellaneous revenues exceeded budget by \$0.8 million. Intergovernmental and fines & forfeits finished the year under budget.

On the expenditure side, personnel costs were \$2.2 million under budget due to vacancies and services was \$1.9 million under budget for the year.

The actual beginning fund balance for 2022 was more than \$12 million above budget as revenues in 2021 were higher than budget and 2021 expenditures were below budget.

*Current City Council policy sets the strategic operating reserve at 10% of the City’s annual General Fund revenue budget.

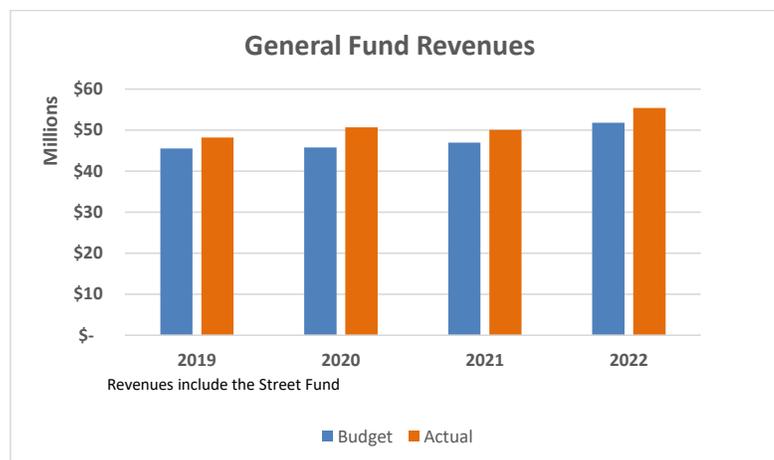
Revenues

| Historical YTD Through 4th Quarter Actual Revenues | | | | | Budget |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2019 | 2020 | 2021 | 2022 | 2022 |
| Property Tax | \$ 29,469,149 | \$ 30,110,090 | \$ 31,944,319 | \$ 33,909,110 | \$ 33,322,125 |
| Sales Tax | 8,194,615 | 8,241,118 | 9,526,605 | 10,186,936 | 8,354,000 |
| Other Tax | 3,880 | 3,019 | 5,569 | 5,595 | 1,500 |
| <i>Other Revenues</i> | | | | | |
| Licenses and Permits | 2,232,584 | 2,298,298 | 1,831,215 | 3,009,990 | 1,620,000 |
| Intergovernmental | 2,711,912 | 5,631,238 | 3,041,828 | 3,152,199 | 4,391,350 |
| Charges for Service | 3,012,817 | 2,378,465 | 2,643,741 | 3,399,473 | 2,949,201 |
| Fines & Forfeits | 497,501 | 187,686 | 111,718 | 154,462 | 398,000 |
| Miscellaneous | 1,753,306 | 1,810,437 | 909,440 | 1,619,195 | 775,440 |
| Transfers In | 300,000 | - | 25,000 | - | - |
| Total Revenues | \$ 48,175,764 | \$ 50,660,351 | \$ 50,039,435 | \$ 55,436,960 | \$ 51,811,616 |

General Fund includes the Street Fund

Highlights for Operating Revenues

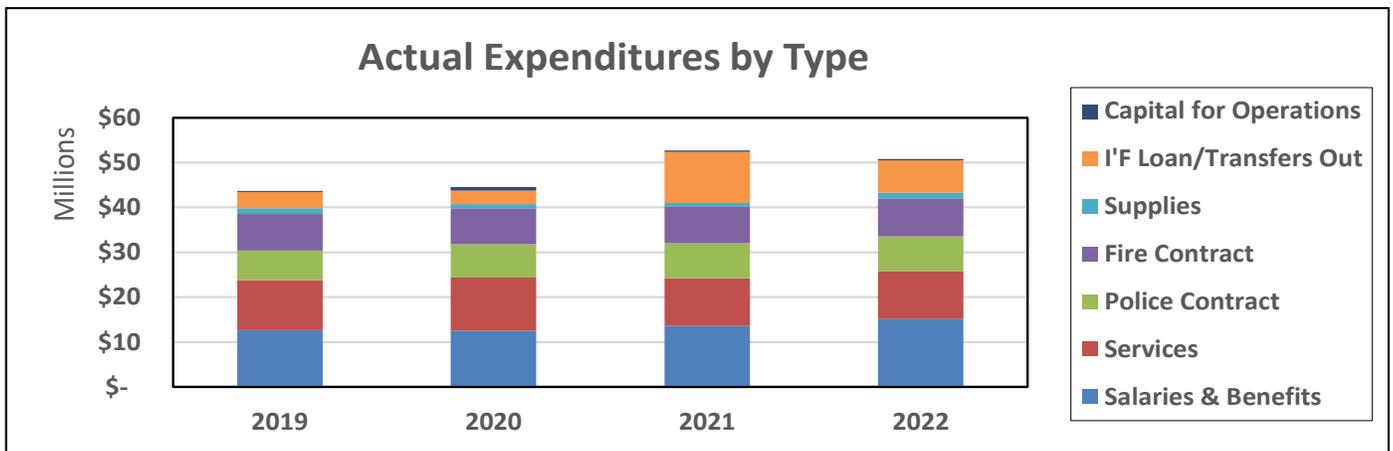
- **Property tax revenues** exceeded budget by almost \$0.6 million due to a higher collection rate than budgeted.
- **Sales tax revenues** finished the year almost 22% higher than budget, receiving \$1.8 million more than budgeted, primarily as a result of a shift in consumer behavior to online purchases. The year over year increases in both contracting and services have been even greater than the increases in general merchandise sales. Sales tax revenues to the City are also likely higher due to the prices on goods being higher.
- **Licenses & Permits and Charges for Services** categories are comprised primarily of development revenue. For 2022 these revenues exceeded the annual budget by \$1.8 million and exceeded 2021 amounts by over \$1.9 million.
- The City has experienced higher levels of permit revenues due to more permit requests and higher permit fees introduced in 2022 upon completion of a fee study.
- **Intergovernmental** came in under budget as the budget includes a \$1.53 million US DOT grant for the 228th Ave. overlay project in the budget. The grant revenues will be received as the project progresses, likely in 2023.
- **Miscellaneous revenues** are higher due to a dramatic increase in interest rates leading to more investment income.



Expenditures

| Historical YTD Through 4th Quarter Actual Expenditures by Type | | | | | Budget |
|--|---------------------|---------------------|---------------------|---------------------|----------------------|
| | 2019 | 2020 | 2021 | 2022 | 2022 |
| Salaries & Benefits | \$12,622,703 | \$12,460,246 | \$13,633,528 | \$15,089,737 | \$ 17,331,150 |
| Services | 11,116,233 | 11,916,470 | 10,599,669 | 10,593,278 | 12,495,970 |
| Police Contract | 6,626,262 | 7,432,424 | 7,834,617 | 7,867,704 | 8,569,200 |
| Fire Contract | 8,183,136 | 8,002,512 | 8,030,392 | 8,357,694 | 8,132,914 |
| Supplies | 1,216,158 | 897,951 | 857,310 | 1,361,436 | 1,338,520 |
| I'F Loan/Transfers Out | 3,641,064 | 3,017,964 | 11,434,555 | 7,118,768 | 7,081,360 |
| Capital for Operations | 232,711 | 806,227 | 303,526 | 328,376 | 81,000 |
| Total Expenditures | \$43,638,267 | \$44,533,794 | \$52,693,597 | \$50,716,992 | \$ 55,030,114 |

General Fund includes the Street Fund

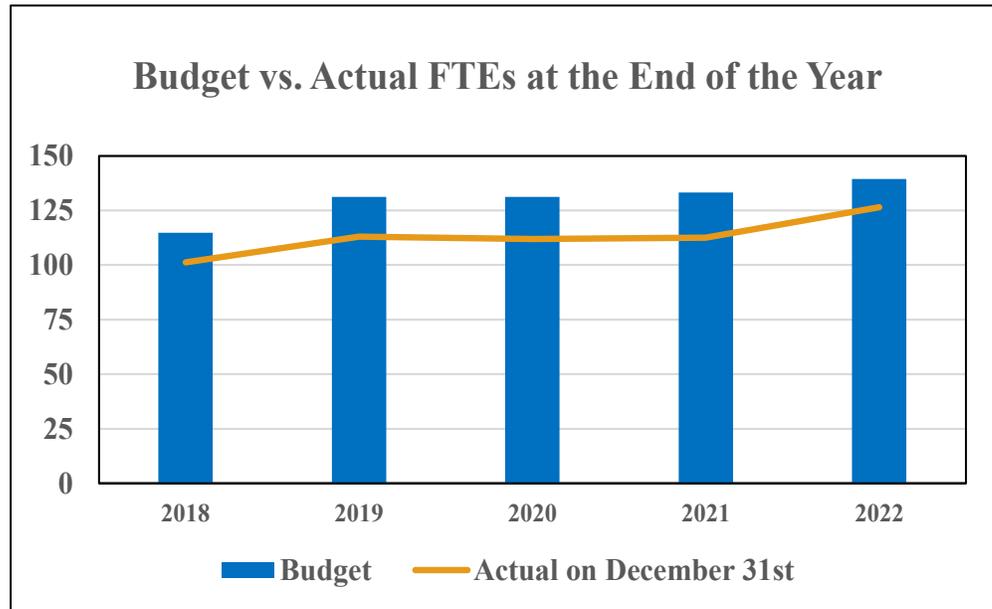


Highlights for Operating Expenditures:

- **Salaries & benefits** are at 87% of the annual budget due to vacancies. Citywide there were 13 vacancies on December 31st, with 9.7 of these FTEs in the General Fund.
- **Police Contract** expenditures finished the year at 92% of the annual budget. At year end, King County reconciles actual expenditures compared to budget. This year the actual expenditures were less than budgeted.
- **Fire Contract** expenditures exceeded budget by 3%, per the EF&R Board's budget amendment in fall of 2022. The City budget was completed before the EF&R Board amended their budget.
- **Services** expenditures were at 85% of the annual budget, spending \$1.9 million less than the budget. There are a variety of reasons for this underspend, and individual accounts may be viewed in the complete December Financial Management Report (FMR).
- **Transfers Out to Other Funds** contain both transfers 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. The annual expenditures exceeded the budget slightly due to transfers to cover CARES fund bonuses to personnel who are paid out of funds other than the General Fund.

Personnel Vacancy Information

The 2022 budget includes 139.5 Full Time Equivalents (FTEs) and on December 31st, 2022 there were 126.5 FTEs employed at the City, representing a vacancy rate of 9.3%. This vacancy rate is lower than the last few years where it was between 12-16%. Additional headcount and vacancy data is available in the monthly Financial Management Report (FMR).



American Rescue Plan Act (ARPA)

The City received an allocation of \$4,759,912 in ARPA funding from the federal government over the course of two years. The first half of this funding was received in June 2021 and the second half was received in June of 2022. The City is receiving these federal funds in a category that allows the funds to be spent on any government service with a few exceptions such as debt service and pension funding. The funds must be obligated by December 31, 2024 and spent by December 31, 2026. Any unspent funds must be returned to the federal government.

To date the funds have been authorized for spending on personnel and professional services to ensure city facilities are safe for employees and the public and for computer equipment to enable employees to work remotely.

The remaining unspent funds have been re-budgeted into 2023 and have been authorized to be used for public safety contracts.