



Memorandum

Date: 8/17/2021
Meeting of: City Council

File No. AM No. 21-133
Type: Staff Report

TO: Members of the City Council
FROM: Mayor Angela Birney
DEPARTMENT DIRECTOR CONTACT(S):

Finance	Chip Corder	425-556-2189
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DEPARTMENT STAFF:

Finance	Kelley Cochran	Deputy Finance Director
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TITLE:
2021 Second Quarter Financial Update

OVERVIEW STATEMENT:

The purpose of this staff report is to review the quarterly financial performance from January 1, 2021 through June 30, 2021. Each month the Redmond City Council’s Finance, Administration and Communications (FAC) Committee reviews the City’s monthly financial report. At the end of each quarter the full City Council reviews the highlights from that quarter’s financials.

Additional Background Information/Description of Proposal Attached

REQUESTED ACTION:

Receive Information **Provide Direction** **Approve**

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
N/A
- **Required:**
N/A
- **Council Request:**
N/A
- **Other Key Facts:**
N/A

OUTCOMES:

As reported at the July Finance, Administration and Communications Committee of the Whole meeting, some financial highlights at the end of June include:

General Fund

- Total revenues are 35%, or \$16.5 million, above the budget target through Q2 2021 primarily due to strong one-time construction sales tax, licenses & permits, and intergovernmental revenues.
- Comparing the first half of 2021 to the first half of 2020, total revenues are up 35%, or \$16.5 million (which is coincidentally the same as total revenues through Q2 2021 vs. budget target through Q2 2021).
- Sales tax is 77%, or \$9.1 million, above the budget target through Q2 2021. One-time sales tax from construction continues to be the driver at \$7.6 million through Q2 2021, with \$1.3 million received in June.
- Utility taxes are 2.0%, or \$113,228, below the budget target through Q2 2021. This is an improvement over prior months due to a large payment received for unpaid electrical utility taxes.
- Intergovernmental revenue is 73%, or \$5.1 million, above the budget target through Q2 2021 mostly due to the 2021 American Rescue Act Plan allocation to the City.
- Licenses & Permits are 34%, or \$2.3 million, above the budget target through Q2 2021. This includes business licenses and development permits.
- Total expenditures are 8.6%, or \$4.3 million, below the budget target through Q2 2021 primarily due to position vacancies and the timing of one-time expenditures in the biennium.
- Through the first half of 2021, ongoing revenues are greater than ongoing expenditures. The few months where ongoing expenditures exceed ongoing revenues is due to the timing of property tax distributions, which mostly occur in April/May and October/November.

Other Funds

- Total revenues in the Water/Wastewater M&O Fund are 6.9%, or \$1.1 million, less than total expenditures. This is due to lower than normal commercial water consumption related to the pandemic, higher irrigation in the summer months (resulting in higher revenues in Q3 2021), and a large Cascade Water Alliance payment in Q1 2021.
- Commercial water consumption in the Water/Wastewater M&O Fund is 10.2% above target through Q2 2021, but still well below the historical average.
- Total revenues in the Recreation Activity Fund are 107.0%, or \$510,110, above the budget target through Q2 2021 primarily due to summer camps, field rentals, and donations.
- Total expenditures in the CIP are 19.7% of budget at the 25% point of the biennium.

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**
N/A
- **Outreach Methods and Results:**
N/A
- **Feedback Summary:**
N/A

BUDGET IMPACT:

Total Cost:
N/A

Approved in current biennial budget: Yes No N/A

Budget Offer Number:
N/A

Budget Priority:
N/A

Other budget impacts or additional costs: Yes No N/A

If yes, explain:
N/A

Funding source(s):
N/A

Budget/Funding Constraints:
N/A

Additional budget details attached

COUNCIL REVIEW:

Previous Contact(s)

Date	Meeting	Requested Action
Monthly	Committee of the Whole - Finance, Administration, and Communications	Receive Information

Proposed Upcoming Contact(s)

Date	Meeting	Requested Action
N/A	None proposed at this time	N/A

Time Constraints:
N/A

ANTICIPATED RESULT IF NOT APPROVED:
N/A

ATTACHMENTS:

Attachment A: 2021 Second Quarter Financial Update