



Memorandum

Date: 4/18/2023
Meeting of: City Council

File No. AM No. 23-051
Type: Staff Report

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

Finance	Kelley Cochran	425-556-2748
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DEPARTMENT STAFF:

Finance	Haritha Narra	Finance Manager
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TITLE:

Fourth Quarter 2022 Financial Report

OVERVIEW STATEMENT:

The purpose of this staff report is to review the City's quarterly financial performance from January 1, 2021 through December 31, 2022. Please note that these numbers are not final as the City is continuing to go through its 2022 year-end closing procedures.

☒ **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:

The key financial highlights from January 1, 2021 through December 31, 2022 include the following:

General Fund

- **Total revenues** are 26.8%, or \$52.8 million, above target.
- **Property tax** is 0.4%, or \$186,000, above target.
- **Sales & use taxes** are 75.7%, or \$97.3 million, above target primarily due to the high level of development activity. This includes retail sales tax, criminal justice sales tax, and use tax. Ongoing retail sales tax is 27.3%, or \$13.0 million, above target. One-time retail sales tax, which primarily relates to construction, is \$34.7 million through December 31, 2022.
- **Utility & other taxes** are 10.3%, or \$2.2 million, above target primarily due to an electric and gas utility tax spike.
- **License & permit fees** are 38.2%, or \$8.4 million, above target primarily due to the high level of development activity.
- **Total expenditures** are 2.5%, or \$6.1 million. In year 2022, the personnel cost is over the target due COLA at 5%, overtime cost increase for Fire due to vacancies because of vaccination mandate, retirement payouts, rate increases after unions contract negotiations.

Other Funds

- **Recreation Activity Fund:** Total revenues are 51.1%, or \$1.1 million, above target primarily due to increase in both indoor and outdoor recreation programs, field rentals, and donations.
- **Water/Wastewater M&O Fund:** Total revenues are 5.0%, or \$3.8 million, more than total expenditures. Commercial water consumption is 2.9% below target.
- **Capital Investment Program:** Total expenditures are 71.3% of budget at the 100% point of the 2021-2022 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
N/A	Item has not been presented to Council	N/A

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:

Fourth Quarter 2022 Financial Report Presentation