

INTRODUCTION

The Financial Status Update provides a budget to actual comparison of revenues and expenditures for the General Fund and all other Funds from January through December 2022.

This report is comprised of the following four sections:

- General Fund
- Utility Funds
- All Other Funds
- Budget Adjustment Summary

It should be noted that, where significant, revenues are recognized when earned, regardless of when cash is received, and expenditures are recognized when a liability has been incurred or when resources have been transferred to another Fund. Beginning Fund Balance represents net excess resources from a prior year that have been appropriated to Fund budgeted expenditures in fiscal year 2022.

APRIL 18, 2023

FINANCIAL STATUS UPDATE

DECEMBER 31, 2022

2022 General Fund
Adopted Revenue Budget
\$32.2 million

Amended Revenue Budget
~~\$34.9~~ **\$35.9 million**

Revenue Actuals
as of December 31,
\$34.9 million (~~100~~ **97.2%** of
amended budget)

Adopted Expenditure Budget
\$31.9 million

Amended Expenditure Budget
\$35.4 million

Expenditure Actuals
as of December 31,
\$33.9 million (95.6% of
amended budget)

Contingency Fund Balance
\$4.5 million

*4/19/2023 update: This exhibit was revised based on new information since publication of the 4/18/2023 City Council packet. Changes are tracked in the document.

GENERAL FUND

Revenues

Overall, General Fund revenues met expectations throughout the year. The 2022 amended revenue budget is included in the table below along with year-to-date (YTD) actuals, and YTD actuals as a percentage of the amended budget. Prior YTD actuals are presented for comparative purposes.

The budget and actual amounts include all twelve months of the year, through the end of December. Additional detail regarding primary General Fund revenues and material variances from the original budget is discussed in the narrative below.

GENERAL FUND: Revenues

As of December 31, 2022

Revenue Category	2022 Adopted Budget	2022 Amended Budget	Prior YTD 12/31/2021	YTD 12/31/2022	YTD Revenue as % of Amended Budget
Property Tax	\$ 13,215,386	\$ 13,215,386	\$ 12,916,753	\$13,170,921	99.7%
Sales Tax - General	4,322,610	4,407,846	5,274,525	5,706,693	129.5%
Sales Tax - Criminal Justice	708,600	708,600	825,202	927,350	130.9%
Utility Taxes	4,730,750	4,730,750	4,828,026	5,033,342	106.4%
B&O Taxes	483,200	483,200	766,667	468,826	97.0%
Shared Revenues	1,185,880	1,506,248	1,446,123	1,737,928	115.4%
Cost Allocation-Overhead	806,724	839,724	905,984	866,628	103.2%
EMS Revenues	1,599,400	1,707,400	1,458,172	1,613,372	94.5%
Parks & Recreation	293,063	1,029,502	388,760	823,063	79.9%
License, Permit & Zoning	2,900,700	3,144,353	3,349,014	3,973,662	126.4%
Municipal Court	257,400	257,400	192,701	183,356	71.2%
Miscellaneous Revenue	218,700	223,700	275,964	421,118	188.3%
Interest Earnings	24,700	24,700	4,850	43,339	175.5%
Interfund Transfers	0	0	50,000	0	N/A
Total Revenues	\$ 30,747,113	\$ 32,278,809	\$ 32,682,741	\$34,969,597	108.3%
Beginning Fund Balance	1,548,074	2,468,183 3,683,093	0	0	0.0%
Total Resources	\$ 32,295,187	\$ 34,746,992 \$ 35,961,902	\$ 32,682,741	\$34,969,597	100.6% 97.2%

Property Tax is at 99.7 percent of the budget at the end of December. This reflects the annual timing of property tax payments to the City which typically occur in April and October.

General Sales Tax is 129.5 percent of the amended budget at the end of the year. Because of the delay in receiving Sales Tax from the State, tax revenue is recognized one month later than it is collected (i.e., December Sales Tax revenue numbers represent November sales). Sales Tax revenue is performing above budget expectations primarily due to higher-than-expected returns across all business sectors. Most of

these higher than anticipated returns are due to inflationary pressures on prices as well as an increase in revenues related to new construction and food services.

Construction has historically been the largest component of Sales Tax revenue and has outperformed the Retail & Wholesale Trade sector in both 2021 and 2022. This can be attributed to the seasonal timing of revenues in each sector with most construction revenues received during the last half of the year. Both sectors are performing higher than the prior year. The following table compares Sales Tax revenue by business sector through December for 2021 and 2022.

2021-2022 General Sales Tax Revenue by Business Sector (\$ in thousands)						
Business Sector	Year to Date 12/31/2021	Year to Date 12/31/2022	Increase / (Decrease)	% of Total		
				2021	2022	Sector Totals Change
Construction	\$1,791	\$2,066	\$275	34.0%	36.2%	2.2%
Retail & Wholesale Trade	\$1,763	\$1,800	\$37	33.4%	31.5%	-1.9%
All Other Sectors	\$487	\$503	\$16	9.2%	8.8%	-0.4%
Admin & Support Services	\$483	\$497	\$13	9.2%	8.7%	-0.5%
Food Services	\$229	\$269	\$40	4.3%	4.7%	0.4%
Professional, Scientific & Tech	\$187	\$218	\$31	3.5%	3.8%	0.3%
Finance/Insurance/Real Estate	\$200	\$201	\$0	3.8%	3.5%	-0.3%
Telecommunications	\$134	\$153	\$19	2.5%	2.7%	0.1%
Total	\$5,275	\$5,707	\$432	100.0%	100.0%	

Criminal Justice Sales Tax is 130.9 percent of the adopted budget at the end of December. This revenue consists of a 0.1 percent sales tax imposed by King County that is shared amongst cities in the county on a per capita (population) basis. It is closely tied to county wide taxable sales numbers. According to King County’s Office of Economic and Financial Analysis taxable sales showed solid growth throughout 2022 and are expected to continue that trend in 2023, albeit at a slower rate of growth as high interest rates continue to be present.

Business & Occupation (B&O) Tax is 97.0 percent of budget at the end of the year. This revenue is within expectations through the fiscal year. Most of the City’s registered businesses file an annual, rather than quarterly, B&O tax return.

Shared Revenues are 115.4 percent of budget through the fiscal year. Major revenue sources include State shared taxes; hazardous waste grants; the I-90 corridor landscape maintenance revenue from the Washington State Department of Transportation; vessel registration fees received from the state through King County; the marine patrol services contract revenue from multiple contract cities; and financial support for the School Resource Officer received from the Mercer Island School District. The higher than anticipated returns can be attributed in part to high returns on state shared taxes such as the Marijuana Excise Tax, which came in \$66 thousand above budget estimates.

EMS Revenues are 94.5 percent of budget at the end of December. Revenues in this line are slightly behind amended budget expectations due to the Mobile Integrated Healthcare (MIH) program not having been staffed for most of 2022, although an employee was hired partway through November. The dollars

associated with the MIH program will roll-forward meaning because we have not yet spent the dollars to date, we have the levy dollars available to invoice once the program is fully online in 2023.

Parks and Recreation revenues are 79.9 percent of budget at the end of the year. Revenue sources include field rentals, boat launch fees, program fees, and rent payments from the annex building outside the Mercer Island Community and Event Center (MICEC). FY 2022 is the first year many Recreation programs that were canceled in 2020 with the onset of the Pandemic were set to return. Revenues from these programs are currently lagging behind budget expectations in a handful of program categories. Programs performing above budget expectations include field rentals, picnic shelter rentals, and MICEC Drop-In Sports available at the Community Center.

License, Permit, and Zoning Fees are 126.4 percent of budget at the end of December. This revenue category consists of fees related to development services, business licenses, and a cable franchise. This revenue stream is performing well due to improved administration of development services, an updated fee schedule, and staff being able to collect deferred revenues on a handful of commercial and residential projects early in fiscal year 2022.

Municipal Court revenues are 71.2 percent of budget through the end of the year. Revenues in this category have declined compared to the prior year by nearly \$9 thousand primarily due to historically low case filings throughout the majority of the year. Revenues have ended 2022 under budget expectations but are expected to increase in 2023-2024 due to new court administration efficiencies and case filings returning closer to pre-pandemic levels.

Miscellaneous Revenues are 188.3 percent of the budget primarily due to higher-than-expected employee disability reimbursements received from the Washington State Department of Labor and Industries. These reimbursements are a result of the leave buy-back policy the City has with active employees that qualify for time-loss compensation through the Department of Labor and Industries.

Interest Earnings are budgeted in the General Fund as an estimate of earnings tied to the balance of the reserve for LEOFF-1 long-term care. The City's idle cash resources are invested in the State Treasury Local Government Investment Pool. Per current budget policy, interest earnings are distributed to the various Funds based on their relative cash balances at the end of each quarter. Across all Funds, interest earnings experienced a decline throughout 2021 but yields saw significant growth in 2022 as interest rates continued to rise throughout the year.

All other revenues are within expectations through the end of December.

Expenditures

Overall, General Fund expenditures are within budget estimates at the end of the fiscal year. The table below lists the 2022 amended expenditure budget, year-to-date actuals, and year-to-date actuals as a percentage of the amended budget. Prior year actuals are presented for comparative purposes.

The budget and actual amounts include all twelve months, through the end of December. Additional detail of material variances from the adopted budget are discussed in the narrative below.

GENERAL FUND: Expenditures

As of December 31, 2022

General Fund Department	2022 Adopted Budget	2022 Amended Budget	Prior YTD 12/31/2021	YTD 12/31/2022	YTD Expense as % of Amended Budget
Administrative Services	\$ 489,438	\$ 529,438	\$ 428,000	\$ 472,526	89.3%
City Attorney's Office	758,528	1,072,937	1,937,804	1,468,223	136.8%
City Council	37,875	162,875	54,376	192,857	118.4%
City Manager's Office	904,734	1,141,534	845,748	1,226,747	107.5%
Community Planning & Development	2,901,549	3,376,034	2,666,167	3,126,920	92.6%
Finance	1,058,817	1,154,317	855,817	1,005,699	87.1%
Fire	7,200,781	7,424,060	7,013,850	7,611,872	102.5%
Human Resources	583,410	888,124	718,072	736,856	83.0%
Information & Geographic Services	163,517	163,517	143,924	162,153	99.2%
Municipal Court	484,370	545,004	442,849	439,359	80.6%
Non-Departmental	2,003,460	2,582,976	2,087,440	1,661,500	64.3%
Parks & Recreation	431,311	1,526,250	1,125,937	1,244,087	81.5%
Police	7,947,376	8,152,376	7,292,406	7,977,989	97.9%
Public Works	5,023,869	5,120,069	4,455,753	4,918,599	96.1%
Total Expenditures	\$ 29,989,035	\$ 33,839,511	\$ 30,068,144	\$ 32,245,387	95.3%
Interfund Transfers	1,998,862	1,627,100	1,331,920	1,672,043	102.8%
Total Expenditures + Interfund Transfers	\$ 31,987,897	\$ 35,466,611	\$ 31,400,064	\$ 33,917,430	95.6%

In reviewing expenditures by department, the following are noteworthy:

Administrative Services has expended 89.3 percent of budget at the end of the year. This is the result of the professional services budget line being unspent.

City Attorney's Office has expended 136.8 percent of budget at the end of December. The City Attorney budget for 2022 includes \$314.4 thousand in funding for case litigation of which 100 percent was expended through December 2022, with an additional \$296 thousand over budget. Regular operating expenditures in the City Attorney's office are within expectations at the end of the year.

Community Planning & Development has expended 92.6 percent of budget at the end of the year. This is the result of lower than anticipated spending in the general professional services and Comprehensive Plan Update budget lines which ended the year at 38.6 percent and 55.0 percent, respectively, of budget spent.

Fire has expended 102.5 percent of budget at the end of December. This is due to higher-than-expected overtime costs. Other operating expenses are within budget expectations for the year.

Finance expenditures ended the year at 87.1 percent of budget. This can be attributed to a later than anticipated start to implement the City's new replacement financial software system. The project was officially started mid-October while the City's core project team and Tyler Technologies implementation team reached consensus for working together to create foundational elements for the new software system.

Human Resources has expended 83.0 percent of budget at the end of December. This is the result of unspent budget in the professional services line.

Municipal Court has expended 80.6 percent of budget at the end of the year. This is a result of salary savings resulting from new staff hires in multiple positions throughout the year. Regular operating expenditures are in line with budget expectations.

Non-Departmental expenditures ended December at 64.3 percent of budget. This is a result of unspent budget tied to professional services.

Parks and Recreation has expended 81.4 percent of budget at the end of the year. This expenditure shortfall is due to salary savings from a delay in hiring full-time staff members with work relating to the Community Center. Staff confirmed all full-time positions were filled by the end of the year.

All other expenditures are meeting expectations through the end of December.

Fund Balance

The General Fund's 2022 year-end balance amounts to \$12.7 million. It represents the working capital (i.e., current assets less current liabilities) in the fund and consists of the following restricted and unrestricted amounts.

Working Capital 12/31/2022	Amount
Budgeted fund balance 2023-2024 budget	3,880,619
LEOFF I long-term care reserve	2,334,707
Sound Transit December 2022 settlement	2,100,000
Compensated absences reserve	751,055
WSDOT site lease deposit	742,430
Deferred development fee revenue	553,913
Restricted - Permit fee revenue surplus	303,341
Unearned Recreation revenue	174,698
Inventory of supplies	120,857
Law Enforcement and Criminal Justice restricted	81,793
Expenditure budget carryovers to 2023 budget	74,625
Expenditure Control Budgeting reserve	15,535
Emerging Innovations reserve (EIR)	0
DSG technology fee reserve	45,580
Customer deposits	41,592
Petty cash	1,500
Subtotal (restricted)	11,222,244
Available balance	1,523,370
Total	12,745,614

The 2022 available fund balance surplus in the General Fund can be attributed to:

- General sales tax surplus, interest earnings, and license, permit, and zoning fees surplus above the amended budget and revised forecast projections.
- Expenditure savings in employee compensation and professional services across most departments.

UTILITY FUNDS

At the end of December, all three utility Funds are within or outperforming expectations for operating revenues and expenditures.

Revenues

The table below lists the 2022 adopted revenue budget, January through December actuals, and a percentage of budget received. Prior year actuals are presented for comparative purposes. The budget and actual amounts are through the end of the fiscal year. Additional detail of major variances is discussed in the narrative following the table.

UTILITY FUNDS: Revenues

As of December 31, 2022

Revenue Category	2022 Adopted Budget	2022 Amended Budget	Prior YTD 12/31/21	YTD 12/31/22	YTD Revenue as % of Adopted Budget
Operating Revenues					
Water Utility	\$ 9,192,900	\$ 9,192,900	\$ 10,007,267	\$ 10,213,655	111.1%
Sewer Utility	10,922,700	10,922,700	10,611,909	11,048,096	101.1%
Storm Water Utility	2,333,300	2,333,300	2,236,579	2,329,131	99.8%
Interest Earnings					
Water Utility	157,100	157,100	21,120	322,223	205.1%
Sewer Utility	63,400	63,400	10,541	154,495	243.7%
Storm Water Utility	45,400	45,400	5,079	76,708	169.0%
Total Revenues	\$ 22,714,800	\$ 22,714,800	\$ 22,892,496	\$ 24,144,308	106.3%

Sewer and Storm Water Utility operating revenues are within budget expectations and reflect the seasonality of utility revenues. Adopted rate increases that became effective January 1, 2022, result in dollar increases as compared to FY 2021 revenues over the same period.

Water Utility operating revenues are above budget expectations due to a higher volume of water sales in August, September, and October than the prior 3-year average. This could be influenced by several factors, one of which is the weather. The Puget Sound area experienced a historically warm summer which carried into the fall season, resulting in increased demand during those months.

Interest earnings for the Water, Sewer, and Storm Water Utility Funds greatly exceeded revenue expectations. The local government investment pool saw a significant increase in yields throughout the entirety of 2022, ending December at 4.13%, which represents an increase of 4.04% when compared to the end of the prior year.

Expenditures

The table below lists the 2022 adopted and amended expenditure budget by Utility Fund and category, January through December actuals, and a percentage of budget spent. Prior year actuals are presented for comparative purposes. The budget and actual amounts are through the end of the fiscal year. Additional detail of major variances is discussed following the table.

UTILITY FUNDS: Expenditures

As of December 31, 2022

Category	2022 Adopted Budget	2022 Amended Budget	Prior YTD 12/31/21	YTD 12/31/22	YTD Expense as % of Adopted Budget
Operating Expenditures					
Water Utility	\$ 6,101,297	\$ 6,434,801	\$ 5,434,141	\$ 5,803,204	95.1%
Sewer Utility	7,966,290	8,093,090	7,193,568	7,698,737	96.6%
Storm Water Utility	1,875,851	1,922,290	1,668,934	1,950,744	104.0%
Capital Projects					
Water Utility	10,493,737	15,081,314	2,702,585	4,676,149	44.6%
Sewer Utility	2,321,310	3,880,002	764,592	1,018,215	43.9%
Storm Water Utility	1,111,982	1,459,941	703,936	607,867	54.7%
Debt Service					
Water Utility	415,958	415,958	108,616	104,563	25.1%
Sewer Utility	1,256,361	1,256,361	1,036,578	1,019,736	81.2%
Storm Water Utility	-	-	-	-	N/A
Total Expenditures	\$ 31,542,786	\$ 38,543,757	\$ 19,612,949	\$ 22,879,215	73%

Operating expenditures in the Water and Sewer Utility funds are within expectations at the end of the year. Stormwater fund expenditures came in over budget due to higher than anticipated operating supply costs.

Utility capital project expenditures ended the year below budget expectations in 2022. This shortfall has become typical as a result of delays due to supply chain issues (a Pandemic-related impact) for large budget projects such as the water and sewer SCADA System Upgrades, Water System Improvements, and Booster Chlorination Station. This was present throughout 2022 and is expected to continue into 2023.

The **2022 Water System Improvements project** installed over 4,000 linear feet of new 8-inch ductile iron water mains and replaced over 100 water service lines within the Madrona Crest neighborhood, which is one of the oldest parts of the City's water system. Construction was delayed for several months due to long lead times for pipe and fittings, but by mid-December the project was substantially completed. Some final water main abandonments and most of the roadway restoration work will carry forward into Q1 2023. This project is on track to be completed with the approved budget.

The **water system SCADA Upgrade** was largely complete by Q4 2022 including installation of the new control panels and work at the five project locations. Remaining work includes connecting a chlorine analyzer to the SCADA system, installing a logic controller screen (supply chain delay to Q3 2023), and training staff on the new system.

Design was completed for the **sewer system SCADA Upgrade** in Q3 2022 and was bid in Q4 2022. A contract construction contract was awarded in December 2022 ([AB 6190](#)) and construction is expected to start in Q3 or Q4 2023, as supply chain delays continue.

The **Meter Replacement project** will replace approximately 7,900 aging water meters throughout the City, of which more than 60 percent are 15 years or older. City Council awarded the bid on July 19, 2022 ([AB 6112](#)). Equipment procurement began in August. Deployment is anticipated to begin in Q2 2023, with project completion anticipated in Q4 2024. Once complete, the project will implement new Advanced Metering Infrastructure (AMI) technologies that support enhanced customer service, system analyses, and operations.

For the **Booster Chlorination Station project**, most of the hypochlorite tank room components at the reservoir site have been installed and work in four remote sites were largely complete by Q4 2022. The project's purpose is to construct a booster disinfection system to reduce the risk of future water system contaminations, a need identified by the 2014 Boiled Water Advisory long-term action plan.

The next phase of work involves modifications to the underground piping within the reservoir pump station and on 89th Ave SE directly east of the reservoir site. Some of this work was performed in Q4 2022, but most of it has been rescheduled for completion in Q1 2023. Due to supply chain delays, final completion and activation of the chlorination system is unlikely to occur until Q3 2023.

The **2022 Arterial and Residential Street Overlays project** reached substantial completion at the end of August, with all the paving and striping work completed before the start of the school year. A partner project, the **2022 Street Related Utility Improvements**, was completed in July, just ahead of the repaving work. Supply chain issues delayed some of the water utility work. Both contracts were completed slightly below their bid amounts, about \$35 thousand for the Residential Street Overlays and \$40 thousand for the Street Related Utility Improvements resulting in a combined total construction cost just under \$1.9M.

Fund Balance

Fund balances, excluding fixed assets, as of December 31, 2022, for the Utility funds are detailed below.

Water Utility Fund

Working Capital 12/31/2022	Amount
Available fund balance	8,858,020
Budgeted fund balance (2023 budget)	0
Expenditure budget carryovers to 2023 budget	9,168,243
Operating Fund Balance minimum	1,420,000
Capital reserve	471,754
Total	19,918,017

Sewer Utility Fund

Working Capital 12/31/2022	Amount
Available fund balance	3,016,455
Budgeted fund balance (2023 budget)	2,642,884
Sewer lake line reserve	1,500,000
Operating Fund Balance minimum	1,240,000
Capital reserve	1,096,515
Expenditure budget carryovers to 2023 budget	809,688
Total	10,305,542

Storm Water Utility Fund

Working Capital 12/31/2022	Amount
Available fund balance	3,570,979
Budgeted fund balance (2023 budget)	698,985
Operating Fund Balance minimum	224,000
Expenditure budget carryovers to 2023 budget	168,366
Basin improvement reserve	0
Total	4,662,330

ALL OTHER FUNDS

Revenues

The table below lists the 2022 amended revenue budget, end of December actuals, and a percentage of budget received. Prior year actuals are presented for comparative purposes. The budget and actual amounts are through the end of the fiscal year. Additional detail of major variances is discussed in the narrative following the table.

ALL OTHER FUNDS: Revenues

As of December 31, 2022

Fund Name	2022 Adopted Budget	2022 Amended Budget	Prior YTD 12/31/2021	YTD 12/31/2022	YTD Revenue as % of Amended Budget
Self Insurance Claim	\$ 10,000	\$ 10,000	\$ -	\$ -	N/A
Youth Services Endowment	5,000	5,000	285	-	0.0%
Street	4,143,618	5,367,429	4,945,810	3,944,885	73.5%
Contingency	261,800	261,800	32,246	685,104	261.7%
1% for the Arts	17,000	17,000	30,314	28,229	166.1%
Youth & Family Services	2,027,918	3,854,719	2,638,075	3,295,602	85.5%
ARPA	-	2,769,000	391,500	3,009,226	108.7%
Bond Redemption (Voted)	-	-	-	-	N/A
Bond Redemption (Non-Voted)	234,100	234,100	847,200	234,100	100.0%
Town Center Parking Facilities	-	-	-	-	N/A
Capital Improvement	3,625,844	3,802,494	5,133,009	3,832,246	100.8%
Technology & Equipment	360,500	1,063,500	280,000	1,030,055	96.9%
Capital Reserve	-	-	-	-	N/A
Equipment Rental	1,492,626	1,492,626	1,733,057	1,487,440	99.7%
Computer Equipment	1,158,213	1,158,213	1,174,698	1,143,432	98.7%
Firefighter's Pension	174,210	174,210	164,095	179,749	103.2%

Youth Services Endowment Fund revenues are at 0.0 percent of budget at the end of December. Following guidance provided by the City Council, staff dissolved the Youth Services Endowment Fund, moving the remaining balance into the Youth & Family Services Fund's operating Fund Balance, with a funding targeted level equivalent to six-months of average monthly expenditures. The operating Fund Balance provides adequate reserves to address the asynchronous nature between the City's biennial budget and the Mercer Island School District's academic year.

Street Fund revenues are 73.5 percent of budget at the end of the year. The primary revenue sources in the Street Fund are Real Estate Excise Tax (REET) and expected reimbursements from Sound Transit Mitigation monies. As for REET, revenues ended the year close to original budget estimates, but totals are still down compared to FY 2021 due to a historically low number of property sales recorded through the fiscal year.

There were 227 less home sales recorded in 2022 compared to 2021. The average sale price of homes increased by nearly \$301 thousand but was insufficient to cover the difference from such a drastically

lower volume of total sales. Sound Transit Mitigation reimbursement monies related to the Sunset Hwy and 77th Ave SE Improvements project (as presented in [AB 6175](#)) are expected to be collected in the 2023-2024 biennium and will be carried forward at year-end.

Revenues in the **Contingency Fund** are made up of interest earnings, which totaled 261.7 percent of budget at the end of December. Across all funds, interest earnings saw significant growth throughout 2022 increasing a total of 4.04 percentage points when compared to yields in December of 2021.

1% for the Arts revenues ended December at 166.1 percent of budget. This higher than expected revenue is a result of actual contract award costs of qualifying projects. The largest contributing project was the 2022 Arterial and Residential Street Overlays with a total of \$14 thousand.

Youth & Family Services revenues ended the year at 85.5 percent of budget. This apparent lag in revenues can be attributed to the Thrift Shop generating 80.9 percent of their budgeted revenue target of \$1.6 million. The Thrift Shop's net profit in 2022 was \$340 thousand.

Firefighter's Pension Fund: Total revenues are 103.9 percent of budget at the end of the year. This is a result of a one-time interfund transfer using General Fund surplus from FY 2020 into the Firefighter's Pension Fund to pay down long term liability related to the fund. Investment interest earnings are at 159.7 percent of total budget expectations, up nearly \$15 thousand when compared to 2021. This increase in interest earnings comes as local government investment pool yields saw significant growth throughout 2022.

All other revenues are within expected norms through the end of December.

Expenditures

The table below lists the 2022 amended expenditures budget by Fund, end of December actuals and a percentage of budget spent. Prior year actuals are presented for comparative purposes. The budget and actual amounts are through the end of the fiscal year. Additional detail of major variances is discussed in the narrative following the table.

ALL OTHER FUNDS: Expenditures

As of December 31, 2022

Fund Name	2022 Adopted Budget	2022 Amended Budget	Prior YTD 12/31/2021	YTD 12/31/2022	YTD Expense as % of Amended Budget
Self Insurance Claim	\$ 10,000	\$ 10,000	\$ 55,000	\$ -	N/A
Youth Services Endowment	5,000	294,469	-	289,469	98.3%
Street	4,045,768	6,562,570	3,845,628	4,049,875	61.7%
Contingency	-	-	-	-	N/A
1% for the Arts	15,000	15,000	29,211	11,249	75.0%
Youth & Family Services	2,127,962	3,454,995	2,386,100	3,269,964	94.6%
ARPA	-	3,034,226	126,274	1,070,885	35.3%
Bond Redemption (Voted)	-	-	-	-	N/A
Bond Redemption (Non-Voted)	234,100	234,100	847,200	234,100	100.0%
Town Center Parking Facilities	-	222,975	14,670	6,123	2.7%
Capital Improvement	4,228,583	9,252,301	1,873,450	4,990,861	53.9%
Technology & Equipment	234,500	1,044,740	110,318	233,399	22.3%
Capital Reserve	-	169,999	-	169,999	100.0%
Equipment Rental	1,647,322	2,111,404	1,295,329	1,423,698	67.4%
Computer Equipment	1,171,434	1,258,414	866,257	1,112,343	88.4%
Firefighter's Pension	87,000	94,500	88,774	89,729	95.0%

YFS Endowment expenditures are 98.3 percent of budget at the end of the year. This expenditure represents the transfer of available fund balance into the YFS Fund to facilitate the creation of an operating reserve and completely dissolve the YFS Endowment Fund, as approved by [Ordinance No. 21C-32](#). This fund will no longer exist in the 2023-2024 biennium.

Street Fund: Total expenditures are 61.7 percent of budget at end of December. This is within expectations when considering the carryforwards expected for 2023. Staff intend to move a total of \$1.5 million related to the ADA Transition Plan and Sunset Highway and 77th Ave SE Improvement projects to the new biennium to complete this work. Expenditures are up \$204 thousand from the prior year.

ARPA: Total expenditures are 35.3 percent of budget at the end of the year. These expenditures consist of projects that qualify for ARPA funding. The largest expenditure line to date has been the Recreation Restart project which has expended \$347 thousand, or nearly 83 percent of its total budget.

Town Center Parking Facilities expenditures ended December at 2.7 percent of budget. The only expenditure line budgeted in this Fund was professional service costs relating to Sound Transit long-term parking impacts which were unspent in 2022.

Capital Improvement Fund expenditures ended the year at 53.9 percent of budget. Staff plans to carryforward into the new biennium a total of about \$572 thousand related to a handful of Parks projects and building assessments. Project timelines continued to be delayed by ongoing supply chain issues.

Technology & Equipment Fund: Total expenditures are 22.3 percent of budget at end of December. This expenditure underage is a result of the new Financial Management Software System project approved as part of [Ordinance No. 22-04](#). Work on this project was delayed due to contract negotiations with the preferred vendor and reaching consensus on timelines, expectations, and delegation of responsibilities. The project officially began mid-October.

Equipment Rental expenditures ended December at 67.4 percent of budget. Expenditures in this Fund include Honeywell Site Remediation and fleet services. Operating expenditures are well within budget estimates and fleet replacement purchase costs have been encumbered but due to supply chain issues the delivery, and subsequent actual costs associated, related to new vehicles is slow to be realized.

All other variances meet budget expectations through the end of December.

Fund Balance

The composition of the fund balance as of December 31, 2022, in each of these other funds is detailed below.

All Other Funds (Excluding Utilities)

Fund / Working Capital Composition, 12/31/22	Amount
Self Insurance	
Available fund balance	54,750
Budgeted fund balance (2023-2024 budget)	-
Total	54,750
Street	
Available fund balance	316,207
Budgeted fund balance (2023-2024 budget)	3,660,909
Expenditure budget carryovers to 2023 budget	1,505,480
Transportation impact fee reserve	440,067
Operating Fund Balance minimum	87,000
Town Center street (north) reserve	99,684
Total	6,109,347
Contingency	
Contingency reserve	4,567,264
Total	4,567,264
1% for the Arts	
Available fund balance	175,916
Total	175,916
Youth & Family Services	
Available fund balance	96,671
Operating Fund Balance minimum	289,469
Emergency & Rental Assistance	131,639
Expenditure budget carryovers to 2023 budget	64,863
Budgeted fund balance (2023-2024 budget)	50,000
Total	632,642
Bond Redemption--Voted	
Available fund balance	18,943

Fund / Working Capital Composition, 12/31/22	Amount
Bond Redemption--Non Voted	
Debt service reserve	5,038
Long Term Parking - Capital	
Available Fund Balance	708,593
Expenditure budget carryovers to 2023 budget	0
Total	708,593
Capital Improvement	
Available Fund Balance	1,915,247
Budgeted fund balance (2023-2024 budget)	3,197,352
King County Parks Expansion Levy	627,201
Expenditure budget carryovers to 2023 budget	571,905
Turf Fields Replacement Sinking Fund	555,162
Reserve - Freeman Landing	329,891
Operating Fund Balance minimum	114,000
Impact Fees	71,950
Reserve - RCO property	28,400
Total	7,411,108
Technology & Equipment	
Available fund balance	378,797
Expenditure budget carryovers to 2023 budget	708,140
Budgeted fund balance (2023-2024 budget)	227,186
MICEC equipment replacement sinking fund	103,145
Operating Fund Balance minimum	50,000
Police car camera replacement sinking fund	49,710
State seizure funds (criminal justice)	41,345
Total	1,558,323
Firemen's Pension	
Pension reserve	1,032,149
Total	1,032,149

Fund / Working Capital Composition, 12/31/22	Amount
Equipment Rental	
Vehicle replacement reserve	2,020,269
2023 vehicle replacements	676,730
Expenditure budget carryovers to 2023 budget	596,861
Fire apparatus replacement sinking fund	595,747
800 MHz radio replacement reserve	373,610
Total	4,263,217

Fund / Working Capital Composition, 12/31/22	Amount
Computer Equipment	
2023 computer replacements	145,450
Expenditure budget carryovers to 2023 budget	0
Computer replacement reserve	684,692
Total	830,142
ARPA Projects fund	
Available fund balance	1,938,254
Budgeted fund balance (2023-2024 budget)	3,242,689
Expenditure budget carryovers to 2023 budget	857,218
Total	6,038,161

Two summary listings of the originally adopted 2021-2022 Budget (expenditures only), broken down by year, and amendments adopted by Ordinance through September 6, 2022, are presented below.

Fund Type / Fund Name	Original 2021 Budget	2021 Budget Adjustments						Amended 2021 Budget
		Administrative Biennial Corrections	ORD 21-07 4/20/2021	ORD21-11 5/18/2021	ORD21-15 7/6/2021	ORD21-20 9/21/2021	ORD21-31 12/7/2021	
General Purpose Funds:								
General	30,533,485	(1,134,909)	1,590,252	897,860		500,078		32,386,766
Self-Insurance	60,000							60,000
Youth Services Endowment	5,000							5,000
Special Revenue Funds:								
Street*	3,366,531	(1,034,481)	25,000		1,193,000	437,872		3,987,922
Contingency	-							-
1% for the Arts	15,000			17,000				32,000
Youth & Family Services	2,178,182		212,750	220,372		60,000	263,328	2,934,632
ARPA Funds	-	(265,226)				200,000	191,500	126,274
Debt Service Funds:								
Bond Redemption (Voted)	-							-
Bond Redemption (Non-Voted)	847,200							847,200
Capital Projects Funds:								
Town Center Parking Facilities*	-	(222,975)	237,645					14,670
Capital Improvement*	3,590,573	(2,287,780)	86,079			495,182		1,884,054
Technology & Equipment*	287,560	(107,240)	10,000					190,320
Capital Reserve*	-							-
Enterprise Funds:								
Water*	12,317,373	(4,342,177)	300,000	441,960				8,717,156
Sewer*	10,950,027	(1,436,392)	49,309					9,562,944
Stormwater*	2,756,580	(351,659)	45,420					2,450,341
Internal Service Funds:								
Equipment Rental*	2,043,931	(464,082)	467,380					2,047,229
Computer Equipment*	1,060,228	(65,280)						994,948
Trust Funds:								
Firefighter's Pension	83,000							83,000
Total	70,094,670	(11,712,201)	3,023,835	1,577,192	1,193,000	1,693,132	454,828	66,324,456

* Capital Improvement Program (CIP) projects are accounted for in these funds.

Fund Type / Fund Name	Original 2022 Budget	2022 Budget Adjustments								Amended 2022 Budget
		Administrative Biennial Corrections	ORD21-11 5/18/2021	ORD21-20 9/21/2021	ORD21-31 12/7/2021	ORD22-04 4/19/2022	ORD22-08 5/17/2022	ORD22-16 9/6/2022	ORD22-19 11/15/2022	
General Purpose Funds:										
General	31,987,897	1,134,909	30,000	428,199	1,867,000	(203,608)	51,580	30,000	140,634	35,466,611
Self-Insurance	10,000									10,000
Youth Services Endowment	5,000					289,469				294,469
Special Revenue Funds:										
Street*	4,045,768	1,034,481				392,020	95,733		994,568	6,562,570
Contingency	-									-
1% for the Arts	15,000									15,000
Youth & Family Services	2,127,962		122,757		980,276	9,000		215,000		3,454,995
ARPA Funds		265,226			1,671,000	1,073,000	25,000			3,034,226
Debt Service Funds:										
Bond Redemption (Voted)	-									-
Bond Redemption (Non-Voted)	234,100									234,100
Capital Projects Funds:										
Town Center Parking Facilities*	-	222,975								222,975
Capital Improvement*	4,228,583	2,287,780				1,838,700		814,788	82,450	9,252,301
Technology & Equipment*	234,500	107,240				703,000				1,044,740
Capital Reserve*	-					169,999				169,999
Enterprise Funds:										
Water*	17,010,992	4,342,177				318,504			260,400	21,932,073
Sewer*	11,543,961	1,436,392				249,100				13,229,453
Stormwater*	2,987,833	351,659				42,739				3,382,231
Internal Service Funds:										
Equipment Rental*	1,647,322	464,082								2,111,404
Computer Equipment*	1,171,434	65,280			21,700					1,258,414
Trust Funds:										
Firefighter's Pension	87,000				15,000					102,000
Total	77,337,352	11,712,201	152,757	428,199	4,554,976	4,881,923	172,313	1,059,788	1,478,052	101,777,561

* Capital Improvement Program (CIP) projects are accounted for in these funds.