



**BUSINESS OF THE CITY COUNCIL  
CITY OF MERCER ISLAND**

**AB 6084  
May 17, 2022  
Regular Business**

**AGENDA BILL INFORMATION**

<b>TITLE:</b>	AB 6084: Financial Status Update for the First Quarter 2022 and Budget Amending Ordinance	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
<b>RECOMMENDED ACTION:</b>	Receive the FY 2022 First Quarter Financial Status Update and adopt Ordinance No. 22-08, amending the 2021-2022 Biennial Budget.	

<b>DEPARTMENT:</b>	Finance
<b>STAFF:</b>	Matt Mornick, Finance Director LaJuan Tuttle, Deputy Finance Director Ben Schumacher, Financial Analyst
<b>COUNCIL LIAISON:</b>	n/a
<b>EXHIBITS:</b>	1. Financial Status Update – FY 2022 First Quarter 2. Ordinance No. 22-08 2021-2022 Budget Amendments
<b>CITY COUNCIL PRIORITY:</b>	2. Articulate, confirm, and communicate a vision for effective and efficient city services. Stabilize the organization, optimize resources, and develop a long-term plan for fiscal sustainability.

<b>AMOUNT OF EXPENDITURE</b>	\$ n/a
<b>AMOUNT BUDGETED</b>	\$ n/a
<b>APPROPRIATION REQUIRED</b>	\$ n/a

**EXECUTIVE SUMMARY**

The purpose of this agenda bill is to provide the City Council with the fiscal year (FY) 2022 First Quarter Financial Status Update.

- All Funds are performing as expected through the first three months of the year.
- Revenues in all three Utility Funds are performing as expected, up \$363 thousand from the prior year due to rate increases that were implemented on January 1, 2022.
- Detailed analysis across all Funds is provided in Exhibit 1, the FY 2022 First Quarter Financial Status Update.
- Budget Amending Ordinance No. 22-08 (Exhibit 2) outlines changes the City Council has approved to the 2021-2022 biennial budget since April 19, 2022.

## **ISSUE/DISCUSSION**

### **Financial Status Update: FY 2022 First Quarter in Review**

The Financial Status Update (Exhibit 1) includes revenue and expenditure actuals from January 1 through March 31, 2022. The budget reflected in the update includes budget amendments adopted by ordinance through April 19, 2022.

General Fund revenues ended the quarter at \$5.9 million, meeting budget expectations and are up \$77 thousand from the same period in FY 2021. Sales Tax revenues – both General and Criminal Justice – are up a combined \$116 thousand primarily due to an increase in sales in the food services sector, new construction on the Island, and taxable sales throughout King County. License, Permit, & Zoning revenues continue to outpace budget expectations with staff recouping costs in a more efficient manner due to an updated fee schedule implemented in January 2021 and improved administration of development services.

Expenditures in the General Fund were \$7.7 million at the end of the first quarter, up \$44 thousand from the prior year. The minor difference can be attributed to budgeted positions that were approved during the biennium finally being filled through recruitment processes and actuals reflecting the associated salary and benefits for those employees.

The Water, Sewer, and Stormwater Utility funds are operating within budget expectations. Capital project expenditures are well underway but significant projects, including the SCADA System Upgrades and Booster Chlorination Station, continue to be impacted by supply chain delays, a byproduct of the ongoing Pandemic.

All other operating and capital funds throughout the City are within budget expectations, and there are no significant variances to either revenue or expenditures.

## **RECOMMENDED ACTION**

Adopt Ordinance No. 22-08, amending the 2021-2022 Biennial Budget.